SENQU

MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2017/2018 TO 2019/2020

SENQU

MUNICIPALITY

ANNUAL BUDGET OF

SENQU

MUNICIPALITY

2017/18 TO 2019/20

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GDP	Gross domestic product
IDP	Integrated Development Strategy
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
LED	Local Economic Development
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
PMS	Performance Management System
PPE	Property Plant and Equipment
SDBIP	Service Delivery Budget Implementation Plan

Part 1 – Annual Budget

1.1 Mayor's Report

It gives me great pleasure to submit the 2017/2018 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

The 2017/2018 MTREF Framework takes stock of our achievements over the past few years and responds to the challenges that lie ahead. Despite the challenges that the Municipality has experienced, Senqu Municipality is the only municipality in the province that has achieved clean audits for three consecutive years. The excellent performance by Senqu Municipality is creating waves throughout the province. I must thank my fellow Councillors and all the staff involved for this achievement.

There is a positive linkage between audit outcome and service delivery outcomes, Senqu has improved the livelihoods of its people especially the rural communities by delivering better services. Sound financial management is integral to the success of our municipality and the commitment shown by both the political and administration offices ensure that Senqu Municipality remains to be one of the high performing municipalities in the country and that it keeps the good governance record.

Senqu Municipality has been elected as one of only a few pilot municipalities to test the implementation of the new Municipal Standard Chart of Accounts (mSCOA) being rolled out by National Treasury. The main purpose of mSCOA is to provide budget transparency and it is a tool that encourages proper planning within the municipality. The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.

In the context of an unfavorable economic and investment climate, the unemployment rate increased from 25 per cent to 26.6 per cent, which directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidized services. For the budget year we are providing free services to the indigent to the amount of R14,2 million. However, we need to recognise those people staying in mountainous areas and the services they require, even though it might put additional pressure on our financial resources.

It is important that the needs of communities are recognised and respected. Senqu Municipality must ensure that it applies the principles of the Back-to- Basics Strategy which says that it is important that traffic lights work, potholes are filled, water is delivered, refuse is collected, electricity is supplied at all times. The core services that the municipality must provide to our wards are - clean drinking water, sanitation, electricity, shelter, waste removal and roads.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved though there is still room for improvement.

There are poverty stricken areas which have resulted in a high crime rate which can directly be linked to the high unemployment rate. The key challenge is to assist in creating an environment for job creation, which remains one of the most pressing concerns for the economy. Senqu Municipality supports job creation and is in the process of implementing job creation programs which will be integrated with the municipal IDP.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

Planning as an institution is very important. The progress of the municipality depends on the quality of the planning. Good planning guarantees good decisions and is important to the municipality, because it gives a steady growth and prepares the municipality for a desired future. It is also important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

The 2016 South African municipal elections were held on 3 August 2016 for all districts and local municipalities in all 9 provinces. During this important event we reaffirmed our commitment to democratic and accountable government by choosing representatives of the people who will guide the work of local government for the next five years.

During February 2017 the Council and Management did an extensive review of its past performance in order to put strategies in place for the future. During this process critical issues were identified to be addressed in this- and future budgets.

Some of the key issues identified are:

1. Job creation program - The Job Creation Framework will be implemented on all job creation endeavors going forward. An amount of R5,1 million has been provided for job creation projects for the 2017/18 budget year.

2. Access Roads - As one of the main economic drivers within a region and as a tool to bring services to community members the Senqu Municipal Council puts great emphasis on this aspect. Access roads are not in good condition and they negatively impact the economics of the municipality. There is need to pave access roads through the job creation program. An amount of R28,9 million has been provided for road projects for the 2017/18 budget year.

3. Land invasion - Land invasions are concentrated in Sterkspruit, but there are possibilities of them happening in Lady Grey and Barkly East. There is land invasion happening in Herschel close to the landfill site. To curb land invasions, Senqu Municipality must engage all stakeholders including national and provincial governments to clarify their development plans.

4. Electricity in rural villages - Although most rural areas have electricity, a concern is for those areas in the (extensions) that do not have electricity.

5. Water and Sanitation – These functions technically fall outside of the municipality, but are services that still needs to be addressed.

This budget is largely based on submissions by our communities during the IDP process. Our capital budget totals R75,3 million for the 2017/18 budget year from which a total of 44 per cent, or R33,1 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National grants through the Municipal Infrastructure Grant (or MIG as it is generally known).

Cooperation and tolerance between politicians and the administration is essential for us to successfully address the challenges listed above. Politicians have to play an oversight role and administration must work on achieving the expectations from the community. It is important that there is implementation of what has been planned. Let's do just that!

Finally, I would like to thank the Community, the Councillors and all officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed together we are building a better Senqu.

Thank you.

1.2 Draft Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Regulations)

It is recommended that the Council approves and adopts the following resolutions for the annual budget:

The Council of Senqu Municipality, acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) tables:

1.1. The draft annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
   1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
   1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
   1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
   1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
   1.2.1. Budgeted Financial Position;
   1.2.2. Budgeted Cash Flows;
   1.2.3. Cash backed reserves and accumulated surplus reconciliation;
   1.2.4. Asset management; and
   1.2.5. Basic service delivery measurement.

2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2017:
   2.1. the tariffs for property rates, related by-laws and related policy changes
   2.2. the tariffs for electricity, related by-laws and related policy changes
   2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
   2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
   2.5. the tariffs for solid waste services, related by-laws and related policy changes
   2.6. the summary of policy changes and summary of by-law changes

3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2017 the tariffs and related by-laws for other services, as set out in the attached budget documentation.

4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
   4.2. That the Draft budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)
   4.3. That Council adopt Circular 82 issued by National Treasury

1.3 Executive Summary

With the compilation of the 2017/18 Medium-Term Revenue and Expenditure Framework (MTREF), each department had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme. National Treasury's MFMA Circular No. 86 was also used to guide the compilation of the 2017/18 MTREF.

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by factors such as a more reliable electricity supply, improved labor relations, low inflation, a recovery in business and consumer confidence and stabilising commodity prices.

We recognise that this level of growth is not sufficient to tackle poverty and unemployment, but with decisive action, executed with diligence and urgency, South Africa can speed the pace of economic growth and accelerate transformation.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The compilation of the MTREF therefore remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

The municipality is in a healthy financial position, however, it needs to at least stabilise and further strife to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimised.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2016/17	2017/18	2018/19	2019/120
Total Operating Revenue	194 220	205 902	209 503	213 905
Total Operating Expenditure	209 599	219 857	232 020	244 865
Surplus/(Deficit) for the year	(15 378)	(13 955)	(22 517)	(30 960)
Total Capital Revenue recognised	39 728	42 159	39 169	41 289
Surplus/(Deficit) for the year	24 350	28 204	16 652	10 329

Total operating revenue has increased by 6.01 per cent or R11.68 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue increase by 1.75 and 2.10 per cent respectively, equating to a total revenue growth of R19.68 million over the MTREF (2017/2018 to 2019/2020).

Total operating expenditure for the 2017/18 financial year has been appropriated at R219,857 million and translates into a budgeted deficit of R13,955 million before capital transfers. When compared to the 2016/17 Adjustments Budget, operational expenditure has increased by 4,89 per cent in the 2017/18 budget and again increased by 5,53 and 5,54 per cent for each of the respective outer years of the MTREF. The operating surplus, before capital grant transfers, for the two outer years decreases to a deficit of R22,517 million for the 2018/2019 financial year and R30,960 deficit in 2019/2020 as a result of the increasing operating expenditure.

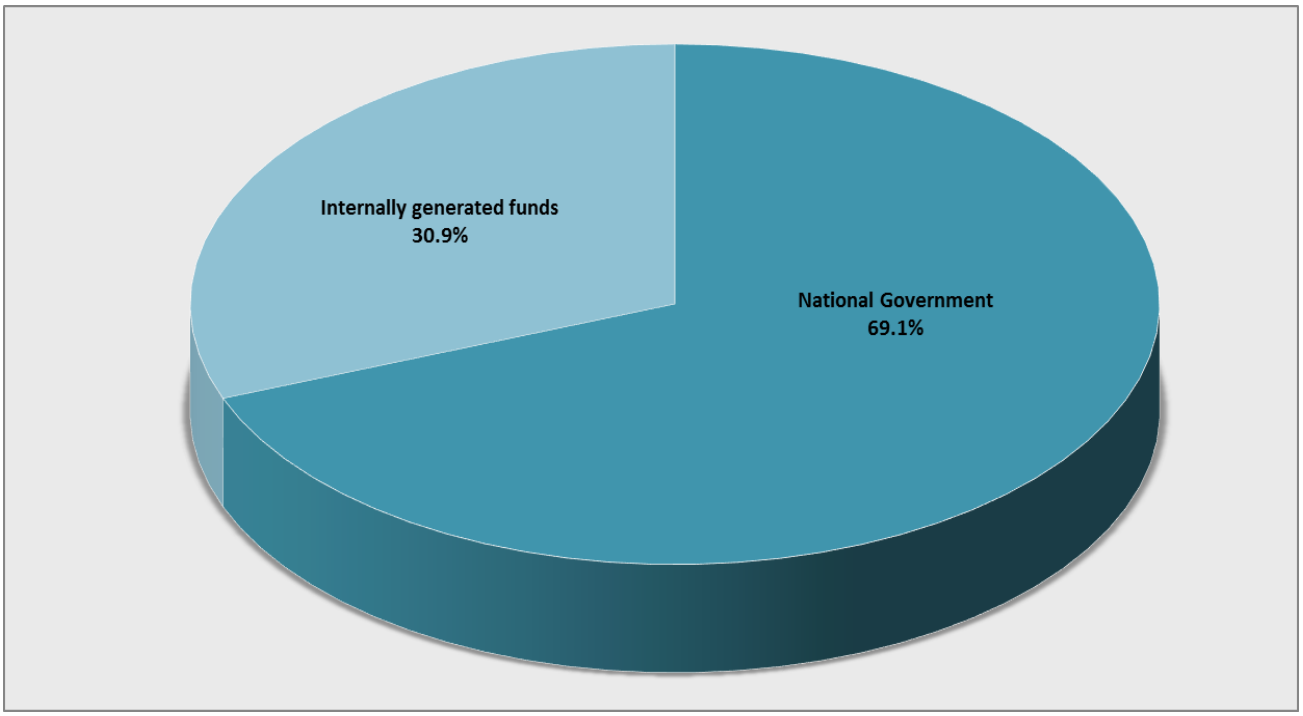
The municipality remains committed to a large capital programme with a significant portion funded by grants from National Government.

Table 2 Total Capital Funding of the 2017/18 MTREF (R'000)

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2017/18	2018/19	2019/120
Funded by:								
National Government	20 143	26 443	31 956	39 728	39 728	42 159	39 169	41 289
Provincial Government	–	–	–	6 000	–	–	–	–
Transfers recognised - capital	**20 143**	**26 443**	**31 956**	**45 728**	**39 728**	**42 159**	**39 169**	**41 289**
Public contributions & donations	–	–	77	–	–	–	–	–
Internally generated funds	32 558	20 632	6 852	29 850	13 604	33 144	12 242	9 473
	52 701	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

The capital budget of R75,3 million for 2017/18 is 41,2 per cent more when compared to the 2016/17 Adjustment Budget. The significant increase can mainly be attributed to projects that rolled over from 2016/2017 to 2017/2018. The capital programme decreases to R51,41 million in 2018/19 and R50,76 million in 2019/20. The decrease is directly related to the decrease in proposed expenditure to be financed from internally generated funds – a trend that is set to continue throughout the MTREF.

A portion of the capital budget will be funded from own revenue (R54,86 million or 30,9%) over the MTREF with no anticipated borrowings and the main funding source being Grants to the value of R122,62 million (69,1%).



As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity, but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation of cash resources over the long term.

The financial viability model, jointly developed by Swartland Municipality and the Western Cape Provincial Treasury, assesses 10 key ratios that is considered the most important indicators when assessing the long term viability of the municipality. A weighting is attached to each indicator that will eventually provide the municipality with a viability score out of 100. The municipality should always strive to achieve a score of 100. In the case where a score of less than 100 is achieved, the municipality should implement suitable strategies to improve the scoring.

The 10 indicators, along with the proposed benchmark and weight are included in the following table:

Table 3 Financial Viability and Sustainability indicators

ITEM	Bench-mark	Viability Weight	Std 1	Measurement 1	Std 2	Measurement 2	Std 3	Measurement 3	Std 4	Measurement 4	Std 5	Measurement 5
Acid Test Ratio	2	10	2	10	1.5	8	1	5	0.5	2	-	0
Payment Level (Excluding write-off of bad debts)	>95%	15	95%	15	90%	11	85%	6	80%	3	75%	0
Cash Generated from Operations as % of Revenue	>20%	8	20%	8	15%	6	10%	4	5%	2	0%	0
Purchase of PPE as % of Cash Generated	<100%	8	100%	8	110%	6	120%	4	135%	2	150%	0
Cost Coverage (Excluding Unspent Grants)	4	15	4	15	4	10	3	5	2	2	1	0
Debtors Turnover (days) (Before impairment)	< 45 days	2	75	2	90	1	110	0	130	0	150	0
Longterm debt as % of Revenue	<40%	5	40%	5	50%	4	75%	3	95%	2	100%	0
Debt servicing cost to Revenue	<7,5%	8	5%	8	7.50%	6	10%	4	12.50%	2	15%	0
Short-term debt as % of Cash	<100%	4	50%	4	70%	3	80%	2	100%	1	125%	0
Cash Funded Budget over MTREF	>R0	25	Yes	25	No	0	0	0	0	0	0	0

The municipality reviews its viability ratios on a continuous basis to ensure that all approved budgets support the long term financial viability of Senqu Municipality. These viability measurement indicators are purely of a financial nature as derived from the annual financial statements and various budgets and were developed in order to determine key areas which will assist the municipality in financial viability.

As depicted below, the viability scoring of Senqu municipality is sound and compares with the best of the municipalities in the Western Cape.

As can be seen in the scoring table below, the only problem area is debtors which have a negative impact on the scoring for "Payment level" as well as for "Debtors turnover days". The ability of the municipality not to collect outstanding debt will have a direct effect on the cash flow of the Municipality and its ability to fully meet its future financial obligations as well as to fund its own capital infrastructure program. The ability of the municipality to finance the capital program for cash generated in the same financial period is also under pressure with low scorings for "Purchase of PPE as % of Cash Generated" over the MTREF.

Table 4 Financial Viability and Sustainability indicators scoring

Viability Scoring	*Approved Budget-2017*	*Adjust Budget-2017*	*Budget Year -2018*	*Budget Year -2019*	*Budget Year -2020*	*Average*	*Benchmark by Committee*
Acid Test Ratio Scoring	10	10	10	10	10	10	**10**
Payment Level (Excluding write-off of bad debts) Scorin	-	-	6	6	3	5	**15**
Cash Generated from Operations Scoring	8	8	8	8	6	8	**8**
Purchase of PPE as % of Cash Generated Scoring	-	2	-	2	2	5	**8**
Cost Coverage Scoring	15	15	15	15	15	15	**15**
Debtors Turnover (days) (Before impairment) Scoring	-	-	-	-	-	-	**2**
Longterm debt as % of Revenue Scoring	5	5	5	5	5	5	**5**
Debt servicing cost to Revenue Scoring	8	8	8	8	8	8	**8**
Short-term debt as % of Cash Scoring	4	4	4	4	4	4	**4**
Cash Funded Budget over MTREF Scoring	25	25	25	25	25	25	**25**
Total Viability Scoring	**75**	**77**	**81**	**83**	**78**	**85**	**100**

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

(1) "An annual budget may only be funded from –
  (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  (c) Borrowed funds, but only for the capital budget referred to in section 17(2).

(2) Revenue projections in the budget must be realistic, taking into account –
  (a) projected revenue for the current year based on collection levels to date; and
  (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 5 Summary of revenue classified by main revenue source

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2017/18	2018/19	2019/120
Revenue By Source								
Property rates	4 492	4 607	4 654	7 267	7 267	7 686	8 147	8 635
Service charges - electricity revenue	23 428	26 745	28 096	31 406	31 286	31 942	31 697	31 433
Service charges - refuse revenue	2 623	2 534	2 800	3 066	3 066	3 199	3 391	3 595
Rental of facilities and equipment	478	614	129	412	405	429	455	482
Interest earned - external investments	8 881	10 512	13 913	10 000	13 000	13 780	14 607	15 483
Interest earned - outstanding debtors	1 544	1 970	2 494	1 390	1 490	1 579	1 674	1 775
Fines, penalties and forfeits	34	421	324	417	392	516	546	579
Licences and permits	1 548	1 301	1 075	2 905	1 445	1 532	1 624	1 721
Agency services	1 956	575	1 080	1 300	750	795	843	893
Transfers and subsidies	111 527	124 358	143 003	134 124	134 424	139 520	141 300	143 775
Other revenue	1 824	7 981	6 814	1 197	695	4 924	5 220	5 533
Total Revenue (excluding capital transfers and contributions)	**158 337**	**181 616**	**204 382**	**193 485**	**194 220**	**205 902**	**209 503**	**213 905**

The percentage revenue increases for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. This is mainly due to higher Equitable Share allocation as well as the increase in tariffs for Property Rates and Service Charges. In the two outer years of the MTREF the revenue increases with 1,75 per cent and 2,1 per cent respectively for each of the two years. Total revenue foregone through indigent subsidies and rebates is estimated at R14,2 million for the 2017/2018 financial year. In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 6 Summary of revenue classified by municipal vote (including capital transfers)

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2017/18	2018/19	2019/120
Revenue by Vote								
Vote 1 - Executive & Council	5 571	7 414	7 212	6 458	6 458	6 675	7 009	7 344
Vote 2 - Planning & Development	878	1 929	3 062	1 866	1 870	1 992	2 100	2 214
Vote 3 - Corporate Services	164	6 010	5 556	–	408	433	459	486
Vote 4 - Budget & Treasury	98 705	109 473	99 139	94 779	96 405	99 394	102 439	105 456
Vote 5 - Road Transport	41 118	22 626	24 030	46 614	38 949	41 756	42 413	44 728
Vote 7 - Housing	253	30	–	–	–	–	–	–
Vote 9 - Community & Social Services	4 669	3 560	13 783	1 285	1 595	1 601	1 607	1 613
Vote 10 - Sport & Recreation	2 221	12 816	2 362	–	–	–	–	–
Vote 11 - Public Safety	74	168	155	67	507	4 477	4 746	5 031
Vote 12 - Electricity	32 924	37 403	56 894	59 725	59 731	62 996	58 376	58 370
Vote 13 - Waste Management	7 445	7 824	30 293	28 419	28 025	28 737	29 523	29 952
Total Revenue by Vote	**194 024**	**209 252**	**242 486**	**239 213**	**233 948**	**248 061**	**248 672**	**255 194**

Table 7 Percentage growth in revenue base by main revenue source

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year 2018/19	%	Budget Year 2019/120	%
Revenue By Source								
Property rates	7 267	3.7%	7 686	3.7%	8 147	3.9%	8 635	4.0%
Service charges - electricity revenue	31 286	16.1%	31 942	15.5%	31 697	15.1%	31 433	14.7%
Service charges - refuse revenue	3 066	1.6%	3 199	1.6%	3 391	1.6%	3 595	1.7%
Rental of facilities and equipment	405	0.2%	429	0.2%	455	0.2%	482	0.2%
Interest earned - external investments	13 000	6.7%	13 780	6.7%	14 607	7.0%	15 483	7.2%
Interest earned - outstanding debtors	1 490	0.8%	1 579	0.8%	1 674	0.8%	1 775	0.8%
Fines, penalties and forfeits	392	0.2%	516	0.3%	546	0.3%	579	0.3%
Licences and permits	1 445	0.7%	1 532	0.7%	1 624	0.8%	1 721	0.8%
Agency services	750	0.4%	795	0.4%	843	0.4%	893	0.4%
Transfers and subsidies	134 424	69.2%	139 520	67.8%	141 300	67.4%	143 775	67.2%
Other revenue	695	0.4%	4 924	2.4%	5 220	2.5%	5 533	2.6%
Total Revenue (excluding capital transfers and contributions)	**194 220**	**100%**	**205 902**	**100%**	**209 503**	**100%**	**213 905**	**100%**
Total Revenue from Rates and Service Charges	**43 514**	**22.4%**	**44 836**	**21.8%**	**45 364**	**21.7%**	**45 920**	**21.5%**

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low and is a clear indication of the level of unemployment in the municipal area. Rates and service charge revenues comprise between 21.5 and 21.8 per cent of the total revenue mix over the MTREF period.

In the 2016/17 financial year, revenue from rates and services charges amounts to R43,5 million or 22,4 per cent of total revenue mix. This increases to an estimated R 44,8 million (21,8%), R45,4 million (21,7%) and R45,9 million (21,5%) in the respective financial years of the MTREF.

More or less 90 per cent of Operational revenue is derived from the following sources:

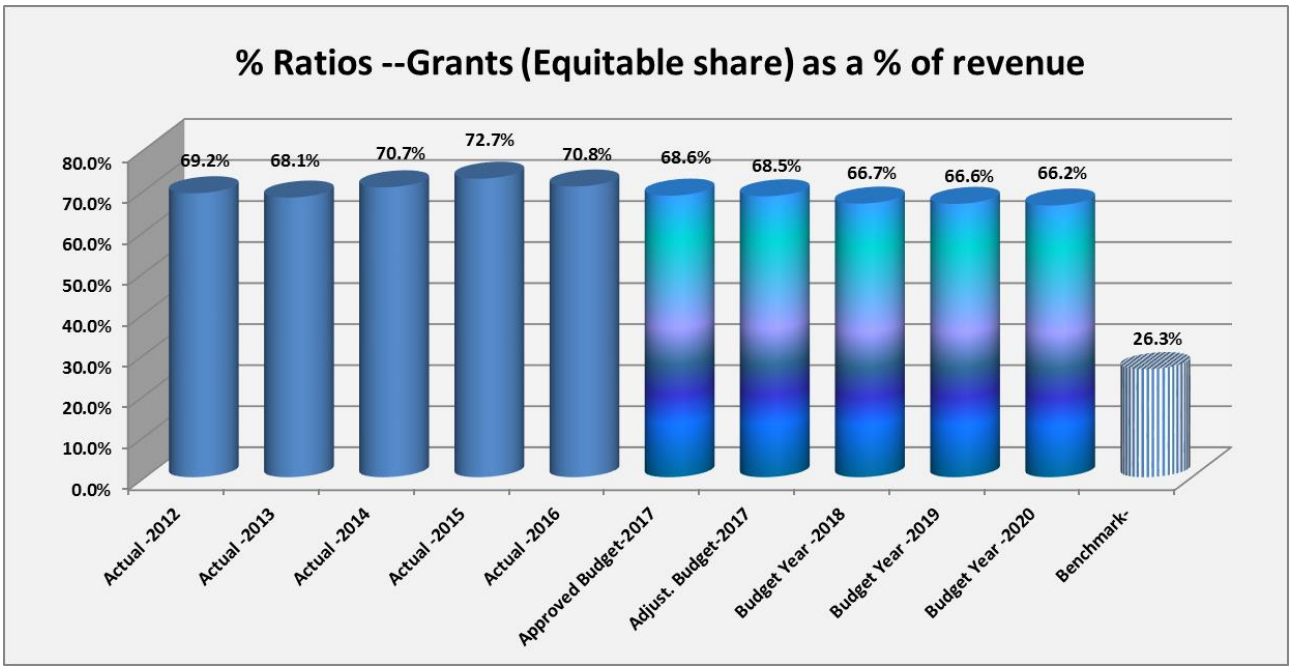
1) Operating Grants
2) Property Rates
3) Service Charges

Interest on investments, despite the relative low interest rates, is the 3rd largest revenue source, which is a clear indication of the municipality's cash flow management. It is expected that interest rates will rise further over the next year in order to assist in curbing inflation.

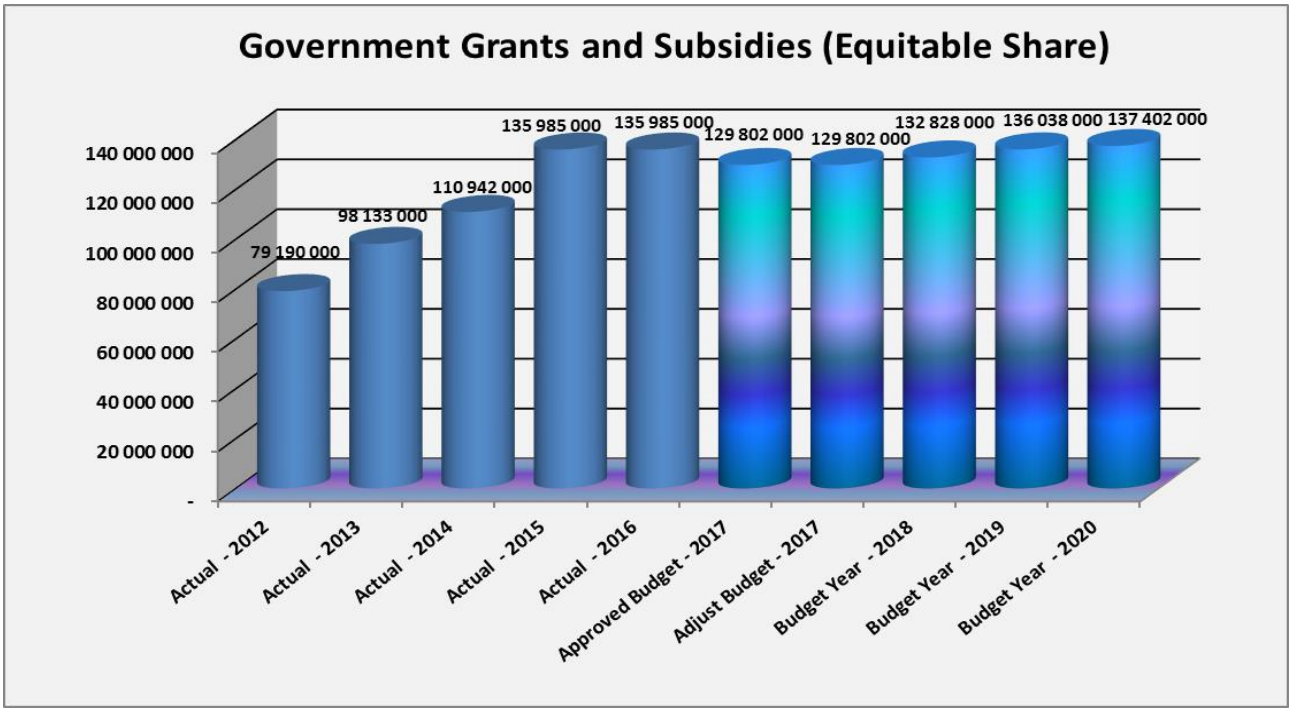
1.4.1 Operating Grants

Grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.



As can be seen from the graph on the previous page, Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. This is mainly as a result of the high unemployment rate in the area and the focus on job creation should be a priority. Equitable share totals R129,8 million in the 2016/17 financial year and increases to R137 million by 2019/20 as illustrated in the graph below.



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to "Nat Gov: Councillor Remuneration" grant):

Table 8 Operating Transfers and Grant Receipts

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:						
Operating expenditure of Transfers and Grants						
National Government:	**132 924**	**132 924**	**132 924**	**138 020**	**139 800**	**142 275**
Local Government Equitable Share	123 344	123 344	123 344	126 153	129 029	130 058
Finance Management	1 625	1 625	1 625	1 700	1 700	1 700
Nat Gov: Councillor Remuneration	6 458	6 458	6 458	6 675	7 009	7 344
Municipal Systems Improvement	–	–	–	–	–	1 000
Municipal Infrastructure Grant (MIG)	–	–	–	1 956	2 062	2 173
Nat Gov: EPWP Incentive Grant	1 497	1 497	1 497	1 536	–	–
Provincial Government:	**1 200**	**1 500**	**1 500**	**1 500**	**1 500**	**1 500**
Libraries	1 200	1 500	1 500	1 500	1 500	1 500
Total operating expenditure of Transfers and Grants:	**134 124**	**134 424**	**134 424**	**139 520**	**141 300**	**143 775**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 per cent upper limit of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are beyond the mentioned inflation target, but at least less than applied for. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies it Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt is about 11 per cent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R4,67 million in 2016/2017 increasing to R5,59 million in 2019/2020. Past experience indicates that this percentage should not be more than 10 per cent, however, a cautionary approach is taken in this budget due to the signs of economic stress being experienced by the community.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based are as follows:

Table 9 Comparison of proposed rates to be levied for the 2017/18 financial year

	2016/2017	2017/2018
	%	%
On total value of property		
Vacant Land as defined in Rates Policy		
Residential Properties	0.6074	**0.6439**
Commercial/ Business Properties	0.7265	**0.7701**
Industrial Properties	0.7265	**0.7701**
Public Service Infrastructure Properties	0.1519	**0.1610**
Public Benefits Organisation Properties	-	**-**
Agricultural Properties used for Agricultural Purpose	0.1548	**0.1641**
Agricultural Properties used for Commercial / Industrial Purposes	0.1500	**0.1590**
Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	0.1500	**0.1590**
Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	0.1500	**0.1590**
State- Owned Properties that Provide Local Services	0.6100	**0.6466**
State/ Owned Properties that Provide Regional/ Municipal District-Wide Services	0.6100	**0.6466**
State/ Owned Properties that Provide Provincial/ National Services	0.6100	**0.6466**
Municipal Properties	-	**-**
Vacant Properties	0.9528	**1.0100**

All rates were increased by 6% over the MTREF. These increases are within the 6.0 per cent upper limit of the South African Reserve Bank's inflation target.

1.4.3 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

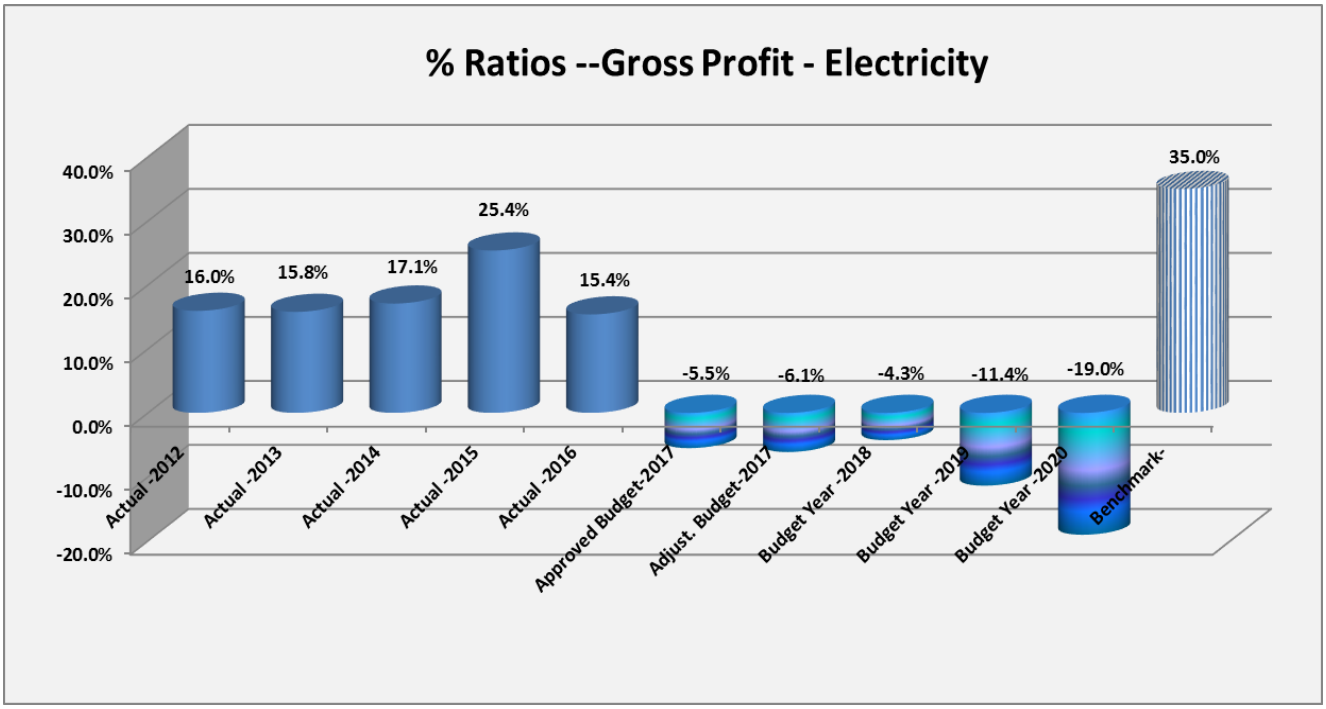
The Joe Gqabi District Municipality held a Water-and Sanitation Indaba from 27 March 2012 to 29 March 2012 and determined that the best model for the provision of the Water-and Sanitation functions is that the District Municipality provides the service itself, but that the local municipalities only assist with the provision of financial functions on an agency basis. This was implemented on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

1.4.4 Sale of Electricity and Impact of Tariff Increases

In terms of the Multi Year Price Determination (MYPD), an Eskom tariff increase of 2.2 per cent has been approved by NERSA for the 2017/18 financial year. This is significantly lower than the 8 per cent tariff increase provided for in the current Multi-Year Price Determination as a result of higher increases approved in preceding years (12.7 per cent for 2015/16 and 9.4 per cent for 2016/17).

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity over the MTREF and measures should be put in place to curb expenditure and electricity losses to ensure the service becomes profitable in the foreseeable future. Electricity losses during 2015/2016 were calculated at 16.8 per cent, which is significantly higher than the 13.95 per cent calculated in 2014/2015.

The gross profit (GP) on electricity is negative, whereas a good benchmark is a profit of 35%. The negative GP increased from a negative 6.1 per cent in the 2016/17 budget to a negative 19 per cent over the MTREF.



The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Table 10 Comparison between current electricity charges and increases

	2016 / 17	2017 / 18
	Rounded Off	Rounded Off
Domestic (Pre-paid metering) 0-60 AMP	**c/kwh**	**c/kwh**
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	85.55	87.16
Energy Charge – per Unit (kWh) (51 – 350kWh)	107.90	109.93
Energy Charge – per Unit (kWh) (351 - 600kWh)	169.95	173.15
Energy Charge – per Unit (kWh) (> 600kWh)	185.75	189.25
Domestic : Demand 0 -60 Amp (Credit Metering)		
Basic / Availability Charge -per month	137.50	140.09
Energy Charge – per Unit (kWh) (1 – 50kWh)	85.55	87.16
Energy Charge – per Unit (kWh) (51 – 350kWh)	105.60	107.59
Energy Charge – per Unit (kWh) (351 - 600kWh)	151.75	154.60
Energy Charge – per Unit (kWh) (> 600kWh)	176.55	179.87
Domestic : Demand 60 Amp + (Credit Metering)		
Basic / Availability Charge -per month	324.60	330.70
Energy Charge – per Unit (kWh) (1 – 50kWh)	85.55	87.16
Energy Charge – per Unit (kWh) (51 – 350kWh)	105.60	107.59
Energy Charge – per Unit (kWh) (351 - 600kWh)	151.80	154.70
Energy Charge – per Unit (kWh) (> 600kWh)	176.50	179.82
Commercial (Pre -paid metering) 0 -100 AMP		
Energy Charge -per Unit (KWh) consumed	186.80	190.30
Commercial: Small / Medium - (Credit Metering) 0-60 AMP		
Basic / Availability Charge - per month	402.05	409.60
Energy Charge - per unit (KWh) consumed	155.65	158.60
Commercial: Large - (Credit Metering) 0 to undifined AMP		
Basic / Availability Charge - per month	1 173.75	1 195.80
Energy Charge - per unit (KWh) consumed	158.25	161.20
Network / Demand Charge - per unit (KVA) consumed	63.55	64.70
Farms: 0 to undifined AMP		
Basic / Availability Charge per month	395.60	403.00
Energy Charge -per Unit (KWh) consumed	154.35	157.30
Network Demand Charge - (KVA) per Unit	63.05	64.20
Consumer Deposits (to be paid prior to connection)		
Domestic / Residential	1 558.60	1 587.90
Business / Commercial (Small / Medium): 0 - 60 Amp	3 896.45	3 969.70
Business / Commercial / Industrial: 60 -150 Amp	10 650.30	10 850.50
Businesses / Commercial / Industrial: 150 Amp +	19 482.30	19 848.60
Other		
New Connection (to be paid in advance)		
Re - connecting existing connection	389.65	397.00
Re - connecting (after defualt / dis-connection)	428.60	436.70
Test Meter (Not Refundable)	389.65	397.00

An increase of 1.88 per cent on all electricity tariffs are factored into the MTREF. This increase is significantly lower than the 6 per cent upper limit of the South African Reserve Bank's inflation target.

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal operated at a loss up to 2014/15 financial year, which indicates that the tariffs were not yet cost reflective. For 2015/16 solid waste removal operated at a surplus of R15,8 million which then decreases over the MTREF to R9,72 million for 2019/20. It is widely accepted that the rendering of this service should at least break even. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this decrease are repairs and maintenance on vehicles, increases in other expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role.

Table 11 Waste Management Surplus/(Deficit)

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2017/18	2018/19	2019/120
Revenue by Vote:								
Vote 13 - Waste Management	7 445	7 824	30 293	28 419	28 025	28 737	29 523	29 952
Expenditure by Vote:								
	10 924	13 471	14 460	24 936	17 498	18 253	19 217	20 231
Surplus/(Deficit) for the year	**(3 478)**	**(5 647)**	**15 833**	**3 482**	**10 526**	**10 484**	**10 306**	**9 721**

The following table compares current and proposed amounts payable from 1 July 2017:

Table 12 Comparison between current waste removal fees and increases

	2016/2017	2017/2018
	EXCL VAT	EXCL VAT
	R	R
Domestic Consumers (per month for one removal per week)	119.10	**126.25**
Additional removal (per load or part thereof)	119.10	**126.25**
Commercial Consumers (per month for two removals per week)	254.90	**270.19**
Additional removal (per load or part thereof)	254.90	**270.19**
Government Departments (Schools, hotels, SAPS, prison, hospitals, etc) (per month for two removals per week)	1 511.40	**1 602.08**
Additional removal (per load or part thereof)	254.90	**270.19**
Garden Refuse (per load) (to be paid in advance)	254.90	**270.19**
Building Rubble (per load) (to be paid in advance)	441.90	**468.41**
Cleaning of erven	254.90	**270.19**

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Table 13 Impact of tariff increases on households

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent	Original Budget	Adjusted Budget	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'						
Rates and services charges:						
Property rates	733.43	733.43	6.00%	777.44	785.21	832.32
Electricity: Basic levy	131.48	131.48	1.88%	133.96	136.47	139.04
Electricity: Consumption	2 102.59	2 102.59	1.88%	2 142.12	2 182.40	2 223.42
Refuse removal	127.84	127.84	6.00%	135.51	143.64	152.26
Total large household bill:	**3 095.35**	**3 095.35**	**3.00%**	**3 189.03**	**3 247.72**	**3 347.05**
% increase/-decrease	**7.2%**	**–**		**3.0%**	**1.8%**	**3.1%**
Monthly Account for Household - 'Affordable Range'						
Rates and services charges:						
Property rates	176.56	176.56	6.00%	187.15	198.38	210.29
Electricity: Basic levy	132.23	132.23	1.88%	134.71	137.25	139.83
Electricity: Consumption	935.32	935.32	1.88%	952.90	970.82	989.07
Refuse removal	127.60	127.60	6.00%	135.26	143.37	151.97
Total small household bill:	**1 371.71**	**1 371.71**	**2.80%**	**1 410.03**	**1 449.82**	**1 491.15**
% increase/-decrease	**7.3%**	**–**		**2.8%**	**2.8%**	**2.9%**
Monthly Account for Household - 'Indigent' Household receiving free basic services						
Rates and services charges:						
Property rates	113.68	113.68	6.00%	120.50	127.73	135.39
Electricity: Consumption	360.88	360.88	1.90%	367.67	374.58	381.62
Total small household bill:	**474.56**	**474.56**	**2.90%**	**488.17**	**502.31**	**517.01**
% increase/-decrease	**7.2%**	**–**		**2.9%**	**2.9%**	**2.9%**

1.5 Operating Expenditure Framework

Building on cost containment guidelines approved by Cabinet in October 2013, government at all levels will need to identify opportunities to increase efficiency and reduce waste. At a national level, the 2017 budget pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment.

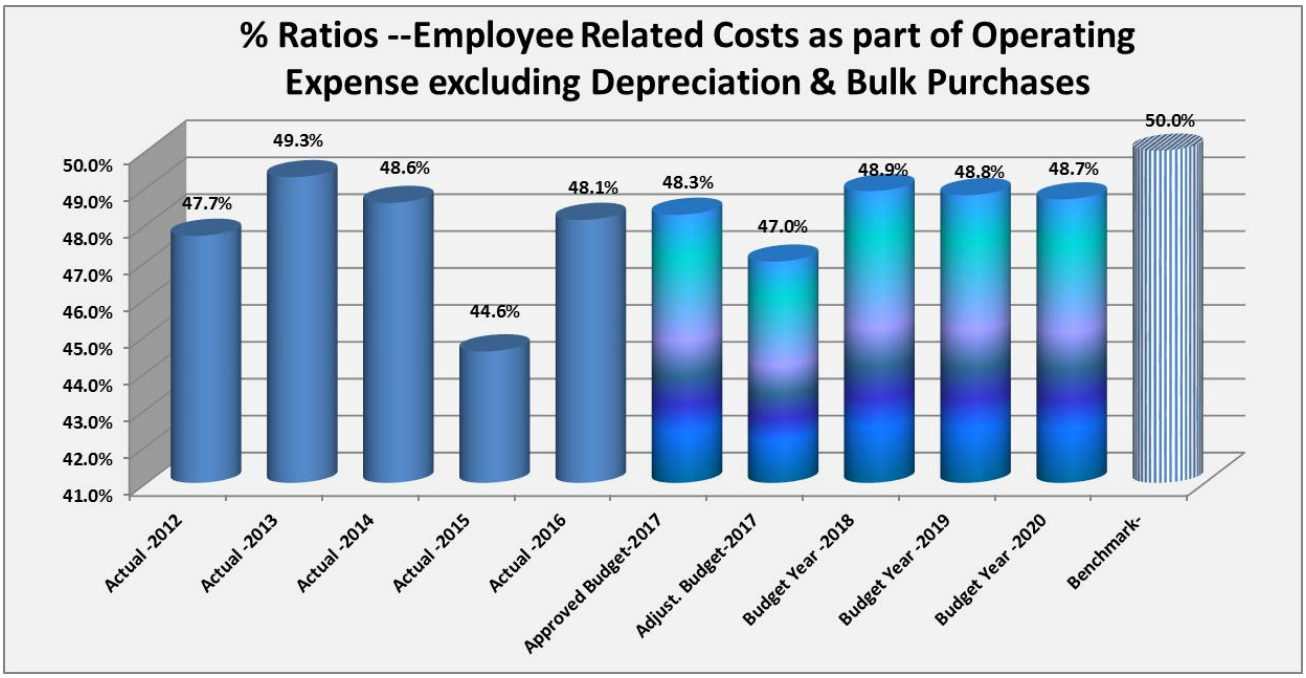
Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 14 Summary of operating expenditure by standard classification item

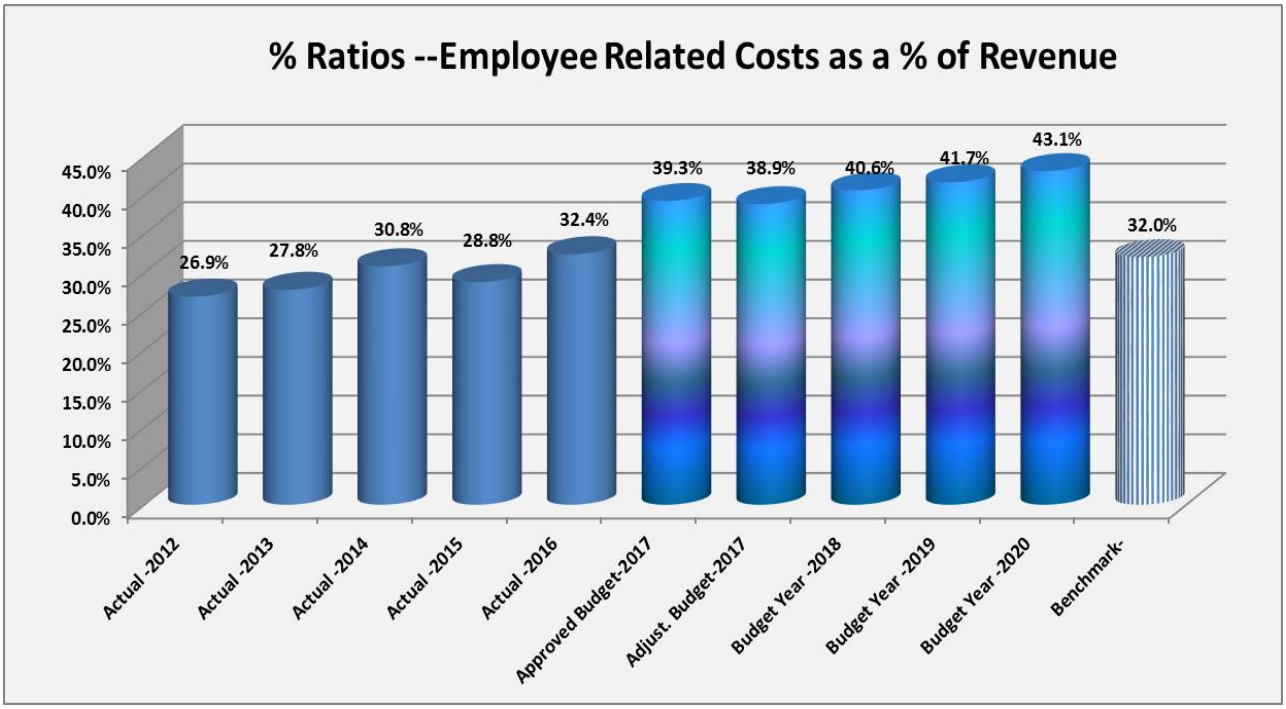
Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2017/18	2018/19	2019/120
Expenditure By Type								
Employee related costs	48 400	54 496	62 358	74 260	73 660	80 957	85 119	89 496
Remuneration of councillors	9 580	10 399	11 064	12 550	12 550	13 428	14 234	15 088
Debt impairment	5 093	4 554	4 241	4 667	4 657	4 983	5 281	5 598
Depreciation & asset impairment	11 794	18 368	19 518	19 066	19 652	21 016	22 271	23 601
Finance charges	1 281	1 341	2 528	1 149	2 743	2 818	2 987	3 166
Bulk purchases	19 424	20 079	23 771	33 133	33 198	33 301	35 299	37 417
Other materials	–	–	–	–	–	7 035	7 414	7 813
Contracted services	–	–	19 980	22 639	24 464	23 855	25 137	26 490
Transfers and subsidies	111	480	–	–	–	–	–	–
Other expenditure	39 986	51 181	28 918	38 602	38 675	32 465	34 277	36 196
Loss on disposal of PPE	1 918	264	290	–	–	–	–	–
Total Expenditure	**137 587**	**161 163**	**172 668**	**206 066**	**209 599**	**219 857**	**232 020**	**244 865**

The budgeted allocation for employee related costs for the 2017/18 financial year totals R80,96 million, which equals 36,8 per cent of the total operating expenditure. This percentage remains at 36 per cent over the MTREF. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is below the benchmarking figure set between the municipalities in the Western Cape. The room for any upwards adjustment in employee related costs over and above the current levels are limited and should be carefully considered before implementing any further salary increases (eg TASK).

When compared to revenue, the employee related figure remains above the set benchmark during the MTREF as illustrated below:

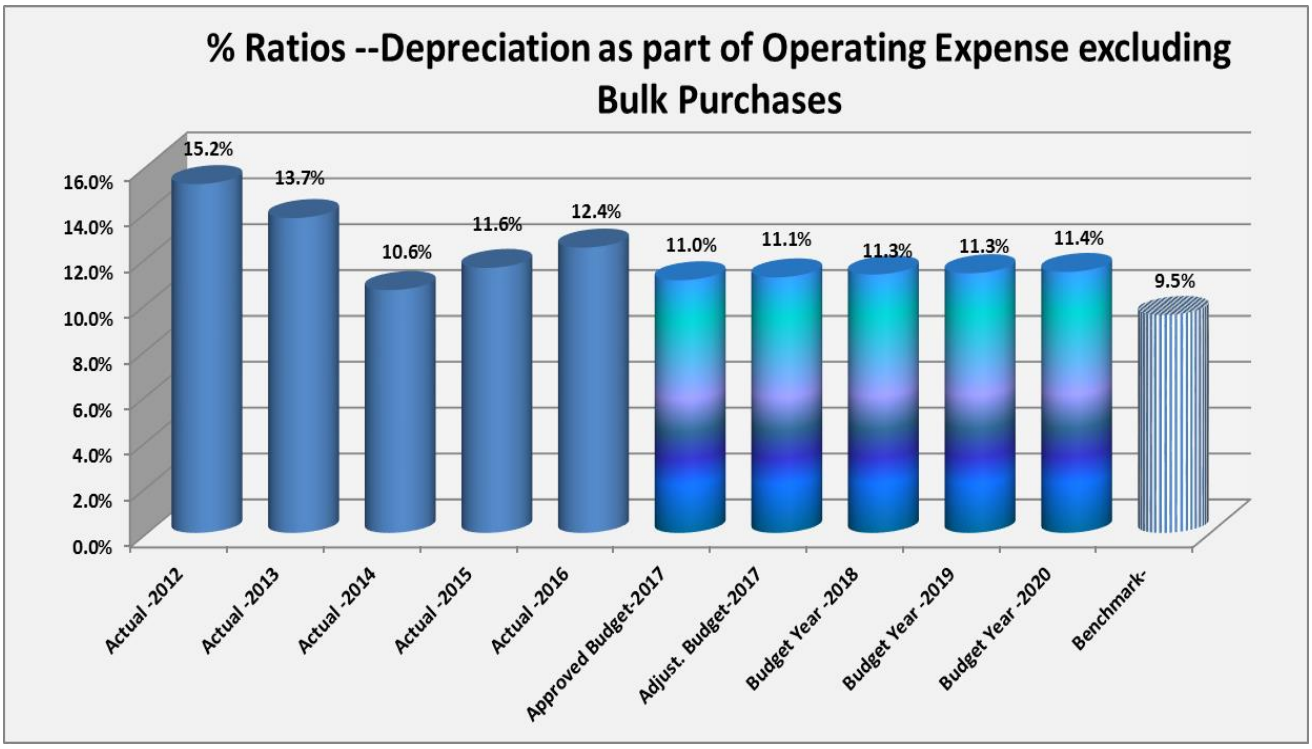


The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018. A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

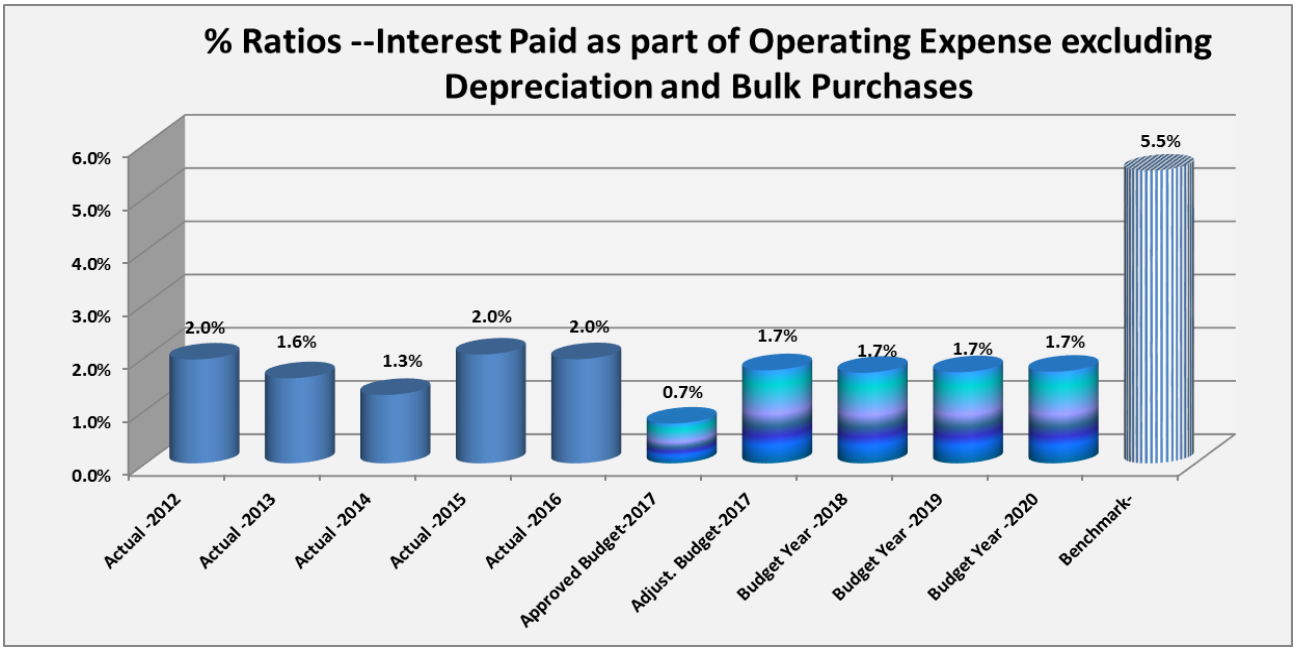
The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R4,98 million and escalates to R5,59 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

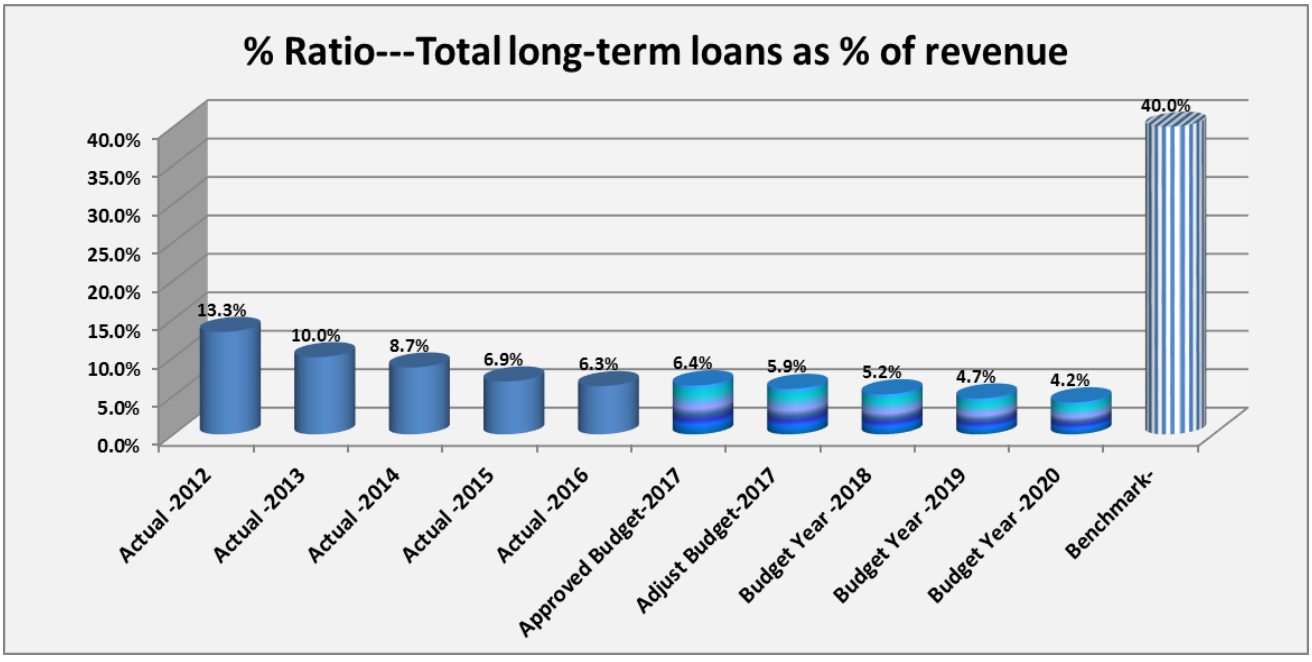
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R21 million for the 2017/18 financial and equates to 9,56 per cent of the total operating expenditure. The appropriation increases to R22,3 million in 2018/19 and R23,6 million in 2019/2020. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 11 per cent of the expenditure. The benchmark for local municipalities is 9,5 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.



Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,28 per cent (R2,82 million) of operating expenditure excluding annual redemption for 2017/18 and increases to R3,17 million by 2019/20. If depreciation and bulk purchases are excluded in order to compare the municipality to the set benchmark, the results are as below and are well below the average.



The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. This is also illustrated in the graph below by the ratio between external borrowing and revenue that indicates that the ratio also falls well beneath the set benchmark of 40% over the MTREF period.

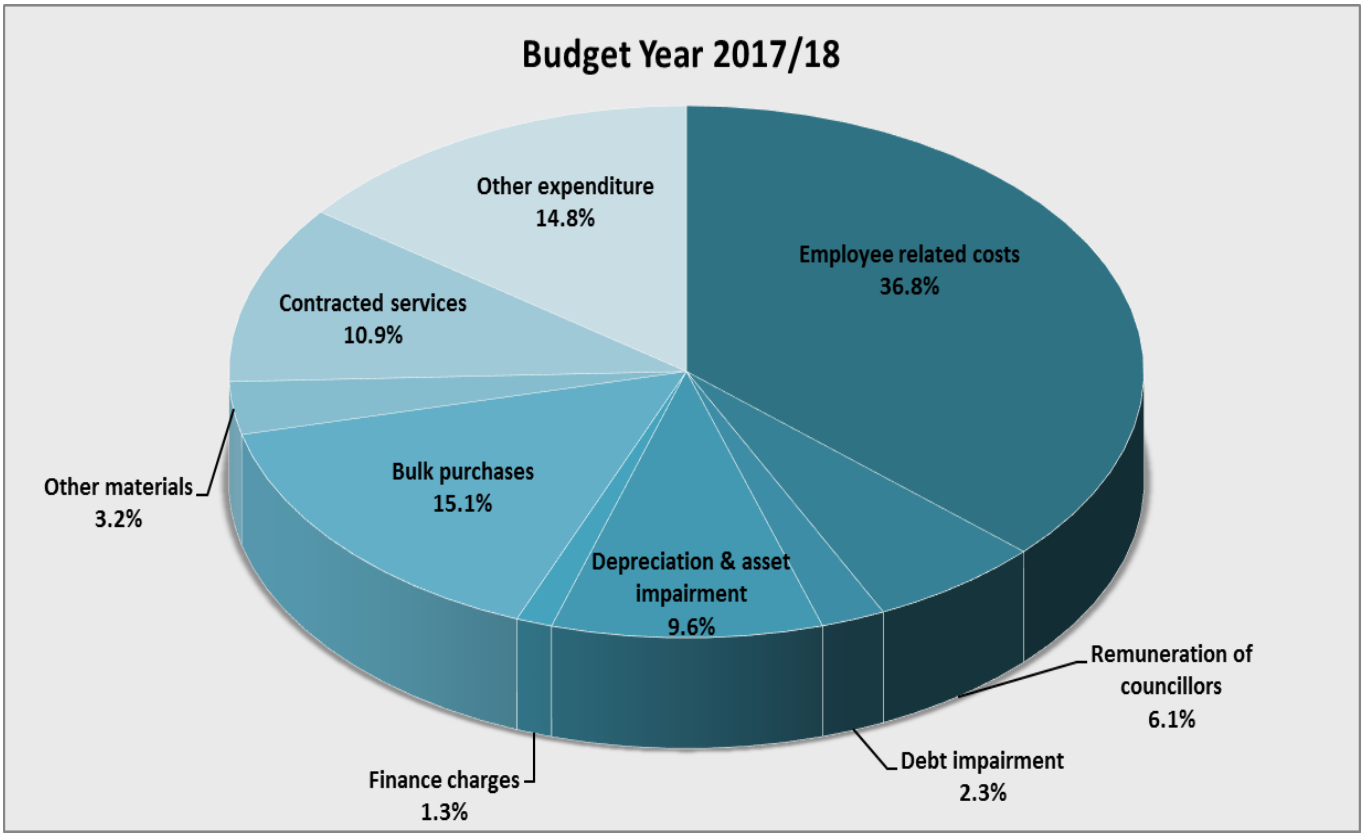


Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 15,2 per cent of expenditure for 2017/18. This percentage increase slightly over the MTREF to 15,3 per cent for 2019/20. If depreciation is excluded, the percentage is 16,7 per cent for the budget year and increasing slightly to 16,9 per cent for 2019/20. This falls beneath the benchmark of 30 per cent for municipalities in a recent benchmarking research.

The implementation of mSCOA has aligned some of the operational line items from the general expenditure category into the contracted services and other materials categories. The alignment impacts on our contracted services and other materials increasing and other expenditure line items reducing. There are more such immaterial alignment adjustments done on revenue and expenditure over the MTREF.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Main operational expenditure categories for the 2017/18 financial year (R'000)



1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

Municipalities must ensure they prioritise asset management and take into consideration the following:

1) 40 per cent of its Capital Budget should be allocated to the renewal of existing assets it.

2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

Table 15 Repairs and maintenance per asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE OTHER ITEMS								
Depreciation	11 794	13 180	18 352	19 045	19 652	21 016	22 271	23 601
Repairs and Maintenance by Asset Class	**3 758**	**4 613**	**6 780**	**6 535**	**6 083**	**8 704**	**9 144**	**9 606**
Roads Infrastructure	83	871	1 405	1 006	1 223	1 348	1 415	1 486
Storm water Infrastructure	27	–	24	20	20	21	22	23
Electrical Infrastructure	1 192	1 177	831	1 173	543	1 347	1 415	1 485
Solid Waste Infrastructure	–	–	44	90	42	162	170	179
Infrastructure	***1 302***	***2 048***	***2 304***	***2 289***	***1 828***	***2 878***	***3 022***	***3 173***
Community Facilities	357	444	535	1 326	1 208	1 279	1 343	1 411
Sport and Recreation Facilities	35	36	58	–	–	35	37	38
Community Assets	***392***	***480***	***592***	***1 326***	***1 208***	***1 313***	***1 380***	***1 450***
Investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings	237	487	685	186	186	601	631	663
Other Assets	***237***	***487***	***685***	***186***	***186***	***601***	***631***	***663***
Furniture and Office Equipment	**29**	**6**	**482**	**34**	**11**	**463**	**486**	**511**
Machinery and Equipment	**606**	**189**	**996**	**639**	**880**	**1 247**	**1 312**	**1 380**
Transport Assets	**1 191**	**1 404**	**1 720**	**2 061**	**1 970**	**2 201**	**2 312**	**2 429**
TOTAL EXPENDITURE OTHER ITEMS	**15 552**	**17 793**	**25 132**	**25 580**	**25 734**	**29 720**	**31 415**	**33 207**
Renewal and upgrading of Existing Assets as % of total capex	*0.0%*	*0.0%*	*30.8%*	*30.4%*	*31.5%*	*19.7%*	*13.8%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprecn	*0.0%*	*0.0%*	*65.2%*	*120.7%*	*85.4%*	*70.7%*	*31.9%*	*0.0%*
R&M as a % of PPE	*1.6%*	*1.6%*	*2.2%*	*1.7%*	*1.8%*	*2.2%*	*2.2%*	*2.2%*
Renewal and upgrading and R&M as a % of PPE	*2.0%*	*2.0%*	*6.0%*	*7.0%*	*6.0%*	*6.0%*	*4.0%*	*2.0%*

It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R14,2 million in the budget year and increasing to R15,1 million and R15,9 million in the outer years of the MTREF.

Revenue foregone, (mainly to the indigent) is estimated to equal about 31,7 per cent of billable revenue, placing a strain on revenue sources.

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on the market value of the property to the maximum of R60 000
2	50 kWh free electricity per month
3	Free refuse x 4 removals per month

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2017/18 Medium-term capital budget per vote

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote								
Multi-year expenditure *to be appropriated*								
Vote 2 - Planning & Development	–	–	30	–	–	–	–	–
Vote 3 - Corporate Services	–	–	–	11 200	2 250	10 000	3 000	–
Vote 5 - Road Transport	5 325	5 569	12 698	22 278	19 214	29 221	24 730	44 962
Vote 6 - Waste Water Management	–	–	4 580	–	–	–	–	–
Vote 9 - Community & Social Services	–	–	11 994	–	250	2 650	4 000	2 000
Vote 10 - Sport & Recreation	–	–	1 696	7 000	8 509	–	8 000	–
Vote 11 - Public Safety	–	–	–	–	378	800	1 200	2 000
Vote 12 - Electricity	–	–	2 349	2 800	3 028	7 000	2 500	1 800
Vote 13 - Waste Management	220	116	502	1 620	618	6 557	4 600	–
Capital multi-year expenditure sub-total	**5 545**	**5 685**	**33 849**	**44 898**	**34 247**	**56 227**	**48 030**	**50 762**
Single-year expenditure *to be appropriated*								
Vote 1 - Executive & Council	302	1 696	213	413	413	1 500	–	–
Vote 2 - Planning & Development	50	814	57	1 260	2 220	20	3 000	–
Vote 3 - Corporate Services	5 298	8 811	1 022	1 695	945	–	–	–
Vote 4 - Budget & Treasury	393	2 158	519	1 655	1 495	1 020	380	–
Vote 5 - Road Transport	29 981	10 541	1 201	11 895	2 943	2 060	–	–
Vote 7 - Housing	–	306	–	–	–	–	–	–
Vote 9 - Community & Social Services	4 063	916	201	4 100	3 871	–	–	–
Vote 10 - Sport & Recreation	2 351	11 616	–	1 080	1 250	–	–	–
Vote 11 - Public Safety	714	38	13	1 800	527	2 646	–	–
Vote 12 - Electricity	1 276	4 094	867	3 962	4 162	80	–	–
Vote 13 - Waste Management	2 727	400	942	2 820	1 259	11 750	–	–
Capital single-year expenditure sub-total	**47 155**	**41 390**	**5 036**	**30 680**	**19 085**	**19 076**	**3 380**	**–**
Total Capital Expenditure - Vote	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

The following table provides more information on the breakdown of the capital budget.

Table 17 Asset Management

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
CAPITAL EXPENDITURE								
Total New Assets	**52 701**	**47 075**	**26 914**	**52 588**	**36 551**	**60 453**	**44 310**	**50 762**
Roads Infrastructure	33 158	9 536	5 601	30 388	14 672	28 991	21 730	44 962
Storm water Infrastructure	–	3 281	2 501	–	–	–	–	–
Electrical Infrastructure	791	2 988	675	3 097	2 867	7 000	2 500	1 800
Solid Waste Infrastructure	2 947	116	339	3 270	878	13 816	500	–
Infrastructure	***36 896***	***15 921***	***9 115***	***36 755***	***18 417***	***49 807***	***24 730***	***46 762***
Community Facilities	4 726	380	12 094	400	3 995	4 246	8 200	4 000
Sport and Recreation Facilities	2 120	11 616	1 626	7 080	7 659	–	8 000	–
Community Assets	***6 846***	***11 996***	***13 720***	***7 480***	***11 654***	***4 246***	***16 200***	***4 000***
Investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings	4 275	10 802	5	3 600	1 378	1 750	3 000	–
Other Assets	***4 275***	***10 802***	***5***	***3 600***	***1 378***	***1 750***	***3 000***	**–**
Licences and Rights	56	–	85	–	90	–	–	–
Intangible Assets	***56***	**–**	***85***	**–**	***90***	**–**	**–**	**–**
Computer Equipment	**–**	**–**	**383**	**1 558**	**1 713**	**500**	**–**	**–**
Furniture and Office Equipment	**1 611**	**2 402**	**594**	**1 155**	**1 155**	**–**	**–**	**–**
Machinery and Equipment	**2 069**	**1 025**	**1 075**	**1 370**	**1 418**	**2 050**	**–**	**–**
Transport Assets	**948**	**4 929**	**1 937**	**670**	**727**	**2 100**	**380**	**–**
Total Renewal of Existing Assets	**–**	**–**	**11 971**	**22 990**	**16 781**	**13 950**	**3 000**	**–**
Roads Infrastructure	–	–	7 824	2 200	5 865	–	–	–
Storm water Infrastructure	–	–	1 352	–	–	–	–	–
Electrical Infrastructure	–	–	1 675	3 665	4 305	–	–	–
Solid Waste Infrastructure	–	–	163	1 000	1 000	4 000	–	–
Infrastructure	**–**	**–**	***11 014***	***6 865***	***11 170***	***4 000***	**–**	**–**
Community Facilities	–	–	126	4 300	2 786	1 450	–	–
Sport and Recreation Facilities	–	–	–	800	800	–	–	–
Community Assets	**–**	**–**	***126***	***5 100***	***3 586***	***1 450***	**–**	**–**
Investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings	–	–	831	11 025	2 025	8 500	3 000	–
Other Assets	**–**	**–**	***831***	***11 025***	***2 025***	***8 500***	***3 000***	**–**
Total Upgrading of Existing Assets	**–**	**–**	**–**	**–**	**–**	**900**	**4 100**	**–**
Solid Waste Infrastructure	–	–	–	–	–	400	4 100	–
Infrastructure	**–**	**–**	**–**	**–**	**–**	***400***	***4 100***	**–**
Operational Buildings	–	–	–	–	–	500	–	–
Other Assets	**–**	**–**	**–**	**–**	**–**	***500***	**–**	**–**

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
Total Capital Expenditure								
Roads Infrastructure	33 158	9 536	13 425	32 588	20 537	28 991	21 730	44 962
Storm water Infrastructure	–	3 281	3 853	–	–	–	–	–
Electrical Infrastructure	791	2 988	2 349	6 762	7 172	7 000	2 500	1 800
Solid Waste Infrastructure	2 947	116	502	4 270	1 878	18 216	4 600	–
Infrastructure	***36 896***	***15 921***	***20 129***	***43 620***	***29 586***	***54 207***	***28 830***	***46 762***
Community Facilities	4 726	380	12 220	4 700	6 781	5 696	8 200	4 000
Sport and Recreation Facilities	2 120	11 616	1 626	7 880	8 459	–	8 000	–
Community Assets	***6 846***	***11 996***	***13 846***	***12 580***	***15 240***	***5 696***	***16 200***	***4 000***
Investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings	4 275	10 802	836	14 625	3 403	10 750	6 000	–
Other Assets	***4 275***	***10 802***	***836***	***14 625***	***3 403***	***10 750***	***6 000***	**–**
Licences and Rights	56	–	85	–	90	–	–	–
Intangible Assets	***56***	**–**	***85***	**–**	***90***	**–**	**–**	**–**
Computer Equipment	**–**	**–**	**383**	**1 558**	**1 713**	**500**	**–**	**–**
Furniture and Office Equipment	**1 611**	**2 402**	**594**	**1 155**	**1 155**	**–**	**–**	**–**
Machinery and Equipment	**2 069**	**1 025**	**1 075**	**1 370**	**1 418**	**2 050**	**–**	**–**
Transport Assets	**948**	**4 929**	**1 937**	**670**	**727**	**2 100**	**380**	**–**
TOTAL CAPITAL EXPENDITURE - Asset class	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R28,9 million for road - and bridge projects were budgeted for and R 95,6 million over the MTREF period. A total of R11,3 million over the MTREF is allocated to electrical infrastructure projects.

The allocation to sport facilities amounts to R8 million over the MTREF, of which the total R8 million is allocated to the 2018/2019 financial year. R17,9 million is allocated towards community facilities over the MTREF, of which R6,7 million is allocated to cemeteries and R4,6 million towards animal pounds. A further R22,8 million is allocated to solid waste sites, R16,8 million for municipal buildings and a total of R3 million over the MTREF period for LED projects.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 18 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance								
Property rates	4 492	4 607	4 654	7 267	7 267	7 686	8 147	8 635
Service charges	26 052	29 279	30 896	34 472	34 351	35 142	35 089	35 028
Investment revenue	8 881	10 512	13 913	10 000	13 000	13 780	14 607	15 483
Transfers recognised - operational	111 527	124 358	143 003	134 124	134 424	139 520	141 300	143 775
Other own revenue	7 385	12 861	11 915	7 621	5 177	9 775	10 362	10 983
Total Revenue (excluding capital transfers and contributions)	158 337	181 616	204 382	193 485	194 220	205 902	209 503	213 905
Employee costs	48 400	54 496	62 358	74 260	73 660	80 957	85 119	89 496
Remuneration of councillors	9 580	10 399	11 064	12 550	12 550	13 428	14 234	15 088
Depreciation & asset impairment	11 794	18 368	19 518	19 066	19 652	21 016	22 271	23 601
Finance charges	1 281	1 341	2 528	1 149	2 743	2 818	2 987	3 166
Materials and bulk purchases	19 424	20 079	23 771	33 133	33 198	40 336	42 713	45 230
Transfers and grants	111	480	–	–	–	–	–	–
Other expenditure	46 996	56 000	53 429	65 908	67 796	61 302	64 696	68 285
Total Expenditure	137 587	161 163	172 668	206 066	209 599	219 857	232 020	244 865
Surplus/(Deficit)	20 751	20 453	31 714	(12 581)	(15 378)	(13 955)	(22 517)	(30 960)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	35 686	27 636	38 105	45 728	39 728	42 159	39 169	41 289
Surplus/(Deficit) for the year	56 437	48 089	69 818	33 147	24 350	28 204	16 652	10 329
Capital expenditure & funds sources								
Capital expenditure	52 701	47 075	38 885	75 578	53 332	75 303	51 410	50 762
Transfers recognised - capital	20 143	26 443	31 956	45 728	39 728	42 159	39 169	41 289
Public contributions & donations	–	–	77	–	–	–	–	–
Internally generated funds	32 558	20 632	6 852	29 850	13 604	33 144	12 242	9 473
Total sources of capital funds	52 701	47 075	38 885	75 578	53 332	75 303	51 410	50 762
Financial position								
Total current assets	181 062	202 808	242 347	157 710	227 809	204 900	196 653	184 476
Total non current assets	246 749	298 131	325 512	401 497	359 193	413 480	442 619	469 780
Total current liabilities	29 434	34 524	31 120	19 539	23 915	24 739	26 276	27 875
Total non current liabilities	28 475	29 589	31 192	32 108	33 190	35 541	38 244	41 300
Community wealth/Equity	369 903	436 826	505 547	507 559	529 897	558 101	574 753	585 081

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash flows								
Net cash from (used) operating	61 990	69 269	76 794	53 054	43 191	52 261	42 775	37 957
Net cash from (used) investing	(52 629)	(48 127)	(38 636)	(75 578)	(53 332)	(75 303)	(51 410)	(50 762)
Net cash from (used) financing	(624)	(672)	(700)	(718)	(747)	(757)	(767)	(778)
Cash/cash equivalents at the year end	162 990	183 460	220 917	128 127	210 029	186 229	176 827	163 245
Cash backing/surplus reconciliation								
Cash and investments available	162 990	183 460	220 917	128 127	210 029	186 229	176 827	163 245
Application of cash and investments	6 764	11 477	158 885	90 599	160 039	151 403	160 604	162 142
Balance - surplus (shortfall)	156 226	171 983	62 033	37 528	49 990	34 826	16 223	1 102
Asset management								
Asset register summary (WDV)	245 588	296 838	324 398	401 497	358 078	412 366	441 505	468 665
Depreciation	11 794	13 180	18 352	19 045	19 652	21 016	22 271	23 601
Renewal of Existing Assets	–	–	11 971	22 990	16 781	13 950	3 000	–
Repairs and Maintenance	3 758	4 613	6 780	6 535	6 083	8 704	9 144	9 606
Free services								
Cost of Free Basic Services provided	8 231	8 689	9 566	11 695	11 818	12 290	13 028	13 809
Revenue cost of free services provided	1 731	1 436	1 620	1 802	1 802	1 928	2 044	2 166
Households below minimum service level								
Energy:	–	–	7	7	7	8	8	8
Refuse:	–	–	33	34	34	36	36	36

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The accumulated surplus is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.

Table 19 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional								
Governance and administration	**104 438**	**122 838**	**111 852**	**101 237**	**103 071**	**106 290**	**109 683**	**113 048**
Executive and council	5 571	7 414	7 212	6 458	6 458	6 675	7 009	7 344
Finance and administration	98 867	115 424	104 640	94 779	96 613	99 615	102 674	105 704
Community and public safety	**7 218**	**16 574**	**16 274**	**1 352**	**2 092**	**6 068**	**6 342**	**6 632**
Community and social services	4 669	3 560	13 757	1 285	1 585	1 590	1 596	1 601
Sport and recreation	2 221	12 816	2 362	–	–	–	–	–
Public safety	74	168	155	67	507	4 477	4 746	5 031
Housing	253	30	–	–	–	–	–	–
Economic and environmental services	**41 998**	**24 614**	**27 147**	**48 480**	**41 019**	**43 960**	**44 737**	**47 180**
Planning and development	880	1 988	3 117	1 866	2 070	2 204	2 324	2 452
Road transport	41 118	22 626	24 030	46 614	38 949	41 756	42 413	44 728
Trading services	**40 369**	**45 227**	**87 187**	**88 144**	**87 756**	**91 734**	**87 899**	**88 322**
Energy sources	32 924	37 403	56 894	59 725	59 731	62 996	58 376	58 370
Waste management	7 445	7 824	30 293	28 419	28 025	28 737	29 523	29 952
Other	**–**	**–**	**26**	**–**	**10**	**11**	**11**	**12**
Total Revenue - Functional	**194 024**	**209 252**	**242 486**	**239 213**	**233 948**	**248 061**	**248 672**	**255 194**
Expenditure - Functional								
Governance and administration	**48 631**	**62 593**	**69 473**	**83 306**	**86 587**	**90 456**	**95 407**	**100 635**
Executive and council	20 550	24 637	22 156	26 370	26 276	27 141	28 692	30 333
Finance and administration	27 004	36 550	45 955	54 140	57 576	60 486	63 744	67 184
Internal audit	1 077	1 405	1 362	2 797	2 735	2 829	2 970	3 119
Community and public safety	**8 637**	**9 203**	**14 031**	**10 081**	**16 939**	**19 654**	**20 707**	**21 816**
Community and social services	6 986	7 399	5 965	7 620	7 559	7 942	8 361	8 803
Sport and recreation	243	345	1 036	1 105	1 470	1 552	1 637	1 727
Public safety	14	56	7 030	1 355	7 910	10 160	10 709	11 287
Housing	1 393	1 402	–	–	–	–	–	–
Economic and environmental services	**37 452**	**42 822**	**34 872**	**39 712**	**39 266**	**41 365**	**43 636**	**46 032**
Planning and development	10 357	13 448	12 995	15 578	15 455	16 116	16 969	17 868
Road transport	27 038	29 309	21 754	23 980	23 641	25 067	26 474	27 960
Environmental protection	57	65	124	154	171	182	193	205
Trading services	**42 057**	**45 521**	**53 129**	**70 933**	**64 853**	**66 531**	**70 323**	**74 332**
Energy sources	31 106	30 866	36 397	43 131	44 888	45 648	48 323	51 155
Waste water management	27	1 184	2 272	2 866	2 466	2 630	2 783	2 945
Waste management	10 924	13 471	14 460	24 936	17 498	18 253	19 217	20 231
Other	**810**	**1 024**	**1 163**	**2 035**	**1 954**	**1 850**	**1 948**	**2 050**
Total Expenditure - Functional	**137 587**	**161 163**	**172 668**	**206 066**	**209 599**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit) for the year	**56 437**	**48 089**	**69 818**	**33 147**	**24 350**	**28 204**	**16 652**	**10 329**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 20 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote								
Vote 1 - Executive & Council	5 571	7 414	7 212	6 458	6 458	6 675	7 009	7 344
Vote 2 - Planning & Development	878	1 929	3 062	1 866	1 870	1 992	2 100	2 214
Vote 3 - Corporate Services	164	6 010	5 556	–	408	433	459	486
Vote 4 - Budget & Treasury	98 705	109 473	99 139	94 779	96 405	99 394	102 439	105 456
Vote 5 - Road Transport	41 118	22 626	24 030	46 614	38 949	41 756	42 413	44 728
Vote 7 - Housing	253	30	–	–	–	–	–	–
Vote 9 - Community & Social Services	4 669	3 560	13 783	1 285	1 595	1 601	1 607	1 613
Vote 10 - Sport & Recreation	2 221	12 816	2 362	–	–	–	–	–
Vote 11 - Public Safety	74	168	155	67	507	4 477	4 746	5 031
Vote 12 - Electricity	32 924	37 403	56 894	59 725	59 731	62 996	58 376	58 370
Vote 13 - Waste Management	7 445	7 824	30 293	28 419	28 025	28 737	29 523	29 952
Total Revenue by Vote	**194 024**	**209 252**	**242 486**	**239 213**	**233 948**	**248 061**	**248 672**	**255 194**
Expenditure by Vote *to be appropriated*								
Vote 1 - Executive & Council	21 627	26 043	23 518	29 166	29 011	29 970	31 663	33 452
Vote 2 - Planning & Development	11 647	15 098	14 537	18 139	17 910	18 450	19 426	20 454
Vote 3 - Corporate Services	10 836	17 057	22 357	25 267	28 024	29 250	30 858	32 555
Vote 4 - Budget & Treasury	15 525	18 683	22 863	27 809	28 502	30 180	31 774	33 458
Vote 5 - Road Transport	27 066	30 493	21 754	23 980	23 641	25 067	26 474	27 960
Vote 6 - Waste Water Management	–	–	2 272	2 866	2 466	2 630	2 783	2 945
Vote 7 - Housing	1 393	1 402	–	–	–	–	–	–
Vote 9 - Community & Social Services	7 206	7 649	6 444	8 312	8 280	8 696	9 157	9 642
Vote 10 - Sport & Recreation	243	345	1 036	1 105	1 470	1 552	1 637	1 727
Vote 11 - Public Safety	14	56	7 030	1 355	7 910	10 160	10 709	11 287
Vote 12 - Electricity	31 106	30 866	36 397	43 131	44 888	45 648	48 323	51 155
Vote 13 - Waste Management	10 924	13 471	14 460	24 936	17 498	18 253	19 217	20 231
Total Expenditure by Vote	**137 587**	**161 163**	**172 668**	**206 066**	**209 599**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit) for the year	**56 437**	**48 089**	**69 818**	**33 147**	**24 350**	**28 204**	**16 652**	**10 329**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	4 492	4 607	4 654	7 267	7 267	7 686	8 147	8 635
Service charges - electricity revenue	23 428	26 745	28 096	31 406	31 286	31 942	31 697	31 433
Service charges - refuse revenue	2 623	2 534	2 800	3 066	3 066	3 199	3 391	3 595
Rental of facilities and equipment	478	614	129	412	405	429	455	482
Interest earned - external investments	8 881	10 512	13 913	10 000	13 000	13 780	14 607	15 483
Interest earned - outstanding debtors	1 544	1 970	2 494	1 390	1 490	1 579	1 674	1 775
Fines, penalties and forfeits	34	421	324	417	392	516	546	579
Licences and permits	1 548	1 301	1 075	2 905	1 445	1 532	1 624	1 721
Agency services	1 956	575	1 080	1 300	750	795	843	893
Transfers and subsidies	111 527	124 358	143 003	134 124	134 424	139 520	141 300	143 775
Other revenue	1 824	7 981	6 814	1 197	695	4 924	5 220	5 533
Total Revenue (excluding capital transfers and contributions)	**158 337**	**181 616**	**204 382**	**193 485**	**194 220**	**205 902**	**209 503**	**213 905**
Expenditure By Type								
Employee related costs	48 400	54 496	62 358	74 260	73 660	80 957	85 119	89 496
Remuneration of councillors	9 580	10 399	11 064	12 550	12 550	13 428	14 234	15 088
Debt impairment	5 093	4 554	4 241	4 667	4 657	4 983	5 281	5 598
Depreciation & asset impairment	11 794	18 368	19 518	19 066	19 652	21 016	22 271	23 601
Finance charges	1 281	1 341	2 528	1 149	2 743	2 818	2 987	3 166
Bulk purchases	19 424	20 079	23 771	33 133	33 198	33 301	35 299	37 417
Other materials	–	–	–	–	–	7 035	7 414	7 813
Contracted services	–	–	19 980	22 639	24 464	23 855	25 137	26 490
Transfers and subsidies	111	480	–	–	–	–	–	–
Other expenditure	39 986	51 181	28 918	38 602	38 675	32 465	34 277	36 196
Loss on disposal of PPE	1 918	264	290	–	–	–	–	–
Total Expenditure	**137 587**	**161 163**	**172 668**	**206 066**	**209 599**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit)	**20 751**	**20 453**	**31 714**	**(12 581)**	**(15 378)**	**(13 955)**	**(22 517)**	**(30 960)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	35 686	27 636	38 105	45 728	39 728	42 159	39 169	41 289
Surplus/(Deficit) for the year	**56 437**	**48 089**	**69 818**	**33 147**	**24 350**	**28 204**	**16 652**	**10 329**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote								
Multi-year expenditure *to be appropriated*								
Vote 2 - Planning & Development	–	–	30	–	–	–	–	–
Vote 3 - Corporate Services	–	–	–	11 200	2 250	10 000	3 000	–
Vote 5 - Road Transport	5 325	5 569	12 698	22 278	19 214	29 221	24 730	44 962
Vote 6 - Waste Water Management	–	–	4 580	–	–	–	–	–
Vote 9 - Community & Social Services	–	–	11 994	–	250	2 650	4 000	2 000
Vote 10 - Sport & Recreation	–	–	1 696	7 000	8 509	–	8 000	–
Vote 11 - Public Safety	–	–	–	–	378	800	1 200	2 000
Vote 12 - Electricity	–	–	2 349	2 800	3 028	7 000	2 500	1 800
Vote 13 - Waste Management	220	116	502	1 620	618	6 557	4 600	–
Capital multi-year expenditure sub-total	**5 545**	**5 685**	**33 849**	**44 898**	**34 247**	**56 227**	**48 030**	**50 762**
Single-year expenditure *to be appropriated*								
Vote 1 - Executive & Council	302	1 696	213	413	413	1 500	–	–
Vote 2 - Planning & Development	50	814	57	1 260	2 220	20	3 000	–
Vote 3 - Corporate Services	5 298	8 811	1 022	1 695	945	–	–	–
Vote 4 - Budget & Treasury	393	2 158	519	1 655	1 495	1 020	380	–
Vote 5 - Road Transport	29 981	10 541	1 201	11 895	2 943	2 060	–	–
Vote 7 - Housing	–	306	–	–	–	–	–	–
Vote 9 - Community & Social Services	4 063	916	201	4 100	3 871	–	–	–
Vote 10 - Sport & Recreation	2 351	11 616	–	1 080	1 250	–	–	–
Vote 11 - Public Safety	714	38	13	1 800	527	2 646	–	–
Vote 12 - Electricity	1 276	4 094	867	3 962	4 162	80	–	–
Vote 13 - Waste Management	2 727	400	942	2 820	1 259	11 750	–	–
Capital single-year expenditure sub-total	**47 155**	**41 390**	**5 036**	**30 680**	**19 085**	**19 076**	**3 380**	**–**
Total Capital Expenditure - Vote	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**
Capital Expenditure - Functional								
Governance and administration	**5 993**	**12 664**	**1 773**	**14 963**	**5 103**	**12 520**	**3 380**	**–**
Executive and council	124	1 683	213	373	373	1 500	–	–
Finance and administration	5 691	10 968	1 560	14 550	4 690	11 020	3 380	–
Internal audit	178	13	–	40	40	–	–	–
Community and public safety	**7 128**	**12 876**	**13 905**	**14 255**	**15 060**	**6 096**	**13 200**	**4 000**
Community and social services	4 063	916	12 195	4 100	4 121	2 650	4 000	2 000
Sport and recreation	2 351	11 616	1 696	8 080	9 759	–	8 000	–
Public safety	714	38	13	2 075	1 180	3 446	1 200	2 000
Housing	–	306	–	–	–	–	–	–
Economic and environmental services	**31 343**	**13 315**	**13 967**	**35 048**	**23 992**	**31 301**	**27 730**	**44 962**
Planning and development	50	814	68	1 150	2 110	20	3 000	–
Road transport	31 293	12 500	13 900	33 898	21 882	31 281	24 730	44 962
Trading services	**8 236**	**8 220**	**9 240**	**11 202**	**9 067**	**25 386**	**7 100**	**1 800**
Energy sources	1 276	4 094	3 216	6 762	7 190	7 080	2 500	1 800
Waste water management	4 013	3 610	4 580	–	–	–	–	–
Waste management	2 947	516	1 444	4 440	1 878	18 306	4 600	–
Other	**–**	**–**	**–**	**110**	**110**	**–**	**–**	**–**
Total Capital Expenditure - Functional	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**
Funded by:								
National Government	20 143	26 443	31 956	39 728	39 728	42 159	39 169	41 289
Provincial Government	–	–	–	6 000	–	–	–	–
Transfers recognised - capital	**20 143**	**26 443**	**31 956**	**45 728**	**39 728**	**42 159**	**39 169**	**41 289**
Public contributions & donations	–	–	77	–	–	–	–	–
Internally generated funds	32 558	20 632	6 852	29 850	13 604	33 144	12 242	9 473
Total Capital Funding	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

Table 23 MBRR Table A6 - Budgeted Financial Position

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
ASSETS								
Current assets								
Cash	1 198	183 460	903	7 357	23 017	27 269	41 710	48 396
Call investment deposits	161 791	–	220 015	120 771	187 012	158 961	135 116	114 849
Consumer debtors	10 757	11 600	10 619	21 904	10 314	11 315	12 570	14 063
Other debtors	5 709	6 366	9 354	6 366	6 366	6 366	6 366	6 366
Inventory	1 606	1 382	1 456	1 313	1 100	990	891	802
Total current assets	**181 062**	**202 808**	**242 347**	**157 710**	**227 809**	**204 900**	**196 653**	**184 476**
Non current assets								
Investment property	8 664	17 024	22 201	17 024	22 201	22 201	22 201	22 201
Property, plant and equipment	236 764	279 611	301 977	384 322	335 647	390 000	419 209	446 446
Intangible	160	203	220	151	230	165	94	19
Other non-current assets	1 162	1 294	1 115	–	1 115	1 115	1 115	1 115
Total non current assets	**246 749**	**298 131**	**325 512**	**401 497**	**359 193**	**413 480**	**442 619**	**469 780**
TOTAL ASSETS	**427 811**	**500 939**	**567 859**	**559 207**	**587 001**	**618 380**	**639 273**	**654 256**
LIABILITIES								
Current liabilities								
Borrowing	792	809	815	828	827	841	855	870
Consumer deposits	1 119	1 239	1 342	1 313	1 409	1 479	1 553	1 631
Trade and other payables	21 228	24 645	19 468	7 685	11 081	11 117	11 747	12 412
Provisions	6 295	7 830	9 496	9 714	10 598	11 302	12 121	12 962
Total current liabilities	**29 434**	**34 524**	**31 120**	**19 539**	**23 915**	**24 739**	**26 276**	**27 875**
Non current liabilities								
Borrowing	13 645	12 842	12 028	12 027	11 201	10 360	9 505	8 634
Provisions	14 829	16 747	19 164	20 081	21 989	25 181	28 739	32 665
Total non current liabilities	**28 475**	**29 589**	**31 192**	**32 108**	**33 190**	**35 541**	**38 244**	**41 300**
TOTAL LIABILITIES	**57 908**	**64 113**	**62 312**	**51 647**	**57 105**	**60 279**	**64 520**	**69 175**
NET ASSETS	**369 903**	**436 826**	**505 547**	**507 559**	**529 897**	**558 101**	**574 753**	**585 081**
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	367 844	420 424	330 132	384 901	344 505	382 367	389 537	397 896
Reserves	2 058	16 402	175 416	122 658	185 391	175 733	185 216	187 186
TOTAL COMMUNITY WEALTH/EQUITY	**369 903**	**436 826**	**505 547**	**507 559**	**529 897**	**558 101**	**574 753**	**585 081**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	4 492	4 044	3 605	5 873	6 541	6 660	6 973	7 302
Service charges	26 052	30 219	25 745	27 858	33 905	30 452	30 033	29 618
Other revenue	2 774	–	8 103	6 152	4 988	8 138	8 622	9 134
Government - operating	104 953	119 538	143 892	134 124	134 424	139 520	141 300	143 775
Government - capital	29 351	38 902	31 599	45 728	39 728	42 159	39 169	41 289
Interest	8 881	10 512	13 913	11 123	13 000	15 149	16 187	17 177
Payments								
Suppliers and employees	(113 122)	(132 126)	(148 947)	(176 655)	(186 652)	(186 999)	(196 522)	(207 172)
Finance charges	(1 281)	(1 341)	(1 117)	(1 149)	(2 743)	(2 818)	(2 987)	(3 166)
Transfers and Grants	(111)	(480)	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**61 990**	**69 269**	**76 794**	**53 054**	**43 191**	**52 261**	**42 775**	**37 957**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	128	316	248	–	–	–	–	–
Payments								
Capital assets	(52 757)	(48 443)	(38 885)	(75 578)	(53 332)	(75 303)	(51 410)	(50 762)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(52 629)**	**(48 127)**	**(38 636)**	**(75 578)**	**(53 332)**	**(75 303)**	**(51 410)**	**(50 762)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	169	120	103	74	67	70	74	78
Payments								
Repayment of borrowing	(793)	(792)	(802)	(793)	(815)	(827)	(841)	(855)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(624)**	**(672)**	**(700)**	**(718)**	**(747)**	**(757)**	**(767)**	**(778)**
NET INCREASE/ (DECREASE) IN CASH HELD	**8 737**	**20 470**	**37 458**	**(23 242)**	**(10 888)**	**(23 800)**	**(9 402)**	**(13 582)**
Cash/cash equivalents at the year begin:	**154 253**	**162 990**	**183 460**	**151 369**	**220 917**	**210 029**	**186 229**	**176 827**
Cash/cash equivalents at the year end:	**162 990**	**183 460**	**220 917**	**128 127**	**210 029**	**186 229**	**176 827**	**163 245**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.

Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available								
Cash/cash equivalents at the year end	162 990	183 460	220 917	128 127	210 029	186 229	176 827	163 245
Cash and investments available:	**162 990**	**183 460**	**220 917**	**128 127**	**210 029**	**186 229**	**176 827**	**163 245**
Application of cash and investments								
Unspent conditional transfers	11 301	16 762	11 144	–	–	–	–	–
Other working capital requirements	(4 537)	(5 285)	(7 437)	(15 157)	(5 113)	(4 092)	(4 373)	(4 805)
Reserves to be backed by cash/investments	–	–	155 177	105 756	165 153	155 495	164 977	166 947
Total Application of cash and investments:	**6 764**	**11 477**	**158 885**	**90 599**	**160 039**	**151 403**	**160 604**	**162 142**
Surplus(shortfall)	**156 226**	**171 983**	**62 033**	**37 528**	**49 990**	**34 826**	**16 223**	**1 102**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.

4. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table A9 - Asset Management

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE								
Total New Assets	**52 701**	**47 075**	**26 914**	**52 588**	**36 551**	**60 453**	**44 310**	**50 762**
Roads Infrastructure	33 158	9 536	5 601	30 388	14 672	28 991	21 730	44 962
Storm water Infrastructure	–	3 281	2 501	–	–	–	–	–
Electrical Infrastructure	791	2 988	675	3 097	2 867	7 000	2 500	1 800
Solid Waste Infrastructure	2 947	116	339	3 270	878	13 816	500	–
Infrastructure	***36 896***	***15 921***	***9 115***	***36 755***	***18 417***	***49 807***	***24 730***	***46 762***
Community Facilities	4 726	380	12 094	400	3 995	4 246	8 200	4 000
Sport and Recreation Facilities	2 120	11 616	1 626	7 080	7 659	–	8 000	–
Community Assets	***6 846***	***11 996***	***13 720***	***7 480***	***11 654***	***4 246***	***16 200***	***4 000***
Operational Buildings	4 275	10 802	5	3 600	1 378	1 750	3 000	–
Other Assets	***4 275***	***10 802***	***5***	***3 600***	***1 378***	***1 750***	***3 000***	**–**
Licences and Rights	56	–	85	–	90	–	–	–
Intangible Assets	***56***	**–**	***85***	**–**	***90***	**–**	**–**	**–**
Computer Equipment	**–**	**–**	**383**	**1 558**	**1 713**	**500**	**–**	**–**
Furniture and Office Equipment	**1 611**	**2 402**	**594**	**1 155**	**1 155**	**–**	**–**	**–**
Machinery and Equipment	**2 069**	**1 025**	**1 075**	**1 370**	**1 418**	**2 050**	**–**	**–**
Transport Assets	**948**	**4 929**	**1 937**	**670**	**727**	**2 100**	**380**	**–**
Total Renewal of Existing Assets	**–**	**–**	**11 971**	**22 990**	**16 781**	**13 950**	**3 000**	**–**
Roads Infrastructure	–	–	7 824	2 200	5 865	–	–	–
Storm water Infrastructure	–	–	1 352	–	–	–	–	–
Electrical Infrastructure	–	–	1 675	3 665	4 305	–	–	–
Solid Waste Infrastructure	–	–	163	1 000	1 000	4 000	–	–
Infrastructure	**–**	**–**	***11 014***	***6 865***	***11 170***	***4 000***	**–**	**–**
Community Facilities	–	–	126	4 300	2 786	1 450	–	–
Sport and Recreation Facilities	–	–	–	800	800	–	–	–
Community Assets	**–**	**–**	***126***	***5 100***	***3 586***	***1 450***	**–**	**–**
Operational Buildings	–	–	831	11 025	2 025	8 500	3 000	–
Other Assets	**–**	**–**	***831***	***11 025***	***2 025***	***8 500***	***3 000***	**–**
Total Upgrading of Existing Assets	**–**	**–**	**–**	**–**	**–**	**900**	**4 100**	**–**
Solid Waste Infrastructure	–	–	–	–	–	400	4 100	–
Infrastructure	**–**	**–**	**–**	**–**	**–**	***400***	***4 100***	**–**
Operational Buildings	–	–	–	–	–	500	–	–
Other Assets	**–**	**–**	**–**	**–**	**–**	***500***	**–**	**–**
Total Capital Expenditure								
Roads Infrastructure	33 158	9 536	13 425	32 588	20 537	28 991	21 730	44 962
Storm water Infrastructure	–	3 281	3 853	–	–	–	–	–
Electrical Infrastructure	791	2 988	2 349	6 762	7 172	7 000	2 500	1 800
Solid Waste Infrastructure	2 947	116	502	4 270	1 878	18 216	4 600	–
Infrastructure	***36 896***	***15 921***	***20 129***	***43 620***	***29 586***	***54 207***	***28 830***	***46 762***
Community Facilities	4 726	380	12 220	4 700	6 781	5 696	8 200	4 000
Sport and Recreation Facilities	2 120	11 616	1 626	7 880	8 459	–	8 000	–
Community Assets	***6 846***	***11 996***	***13 846***	***12 580***	***15 240***	***5 696***	***16 200***	***4 000***
Operational Buildings	4 275	10 802	836	14 625	3 403	10 750	6 000	–
Other Assets	***4 275***	***10 802***	***836***	***14 625***	***3 403***	***10 750***	***6 000***	**–**
Licences and Rights	56	–	85	–	90	–	–	–
Intangible Assets	***56***	**–**	***85***	**–**	***90***	**–**	**–**	**–**
Computer Equipment	**–**	**–**	**383**	**1 558**	**1 713**	**500**	**–**	**–**
Furniture and Office Equipment	**1 611**	**2 402**	**594**	**1 155**	**1 155**	**–**	**–**	**–**
Machinery and Equipment	**2 069**	**1 025**	**1 075**	**1 370**	**1 418**	**2 050**	**–**	**–**
Transport Assets	**948**	**4 929**	**1 937**	**670**	**727**	**2 100**	**380**	**–**
TOTAL CAPITAL EXPENDITURE - Asset class	**52 701**	**47 075**	**38 885**	**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)								
Roads Infrastructure	95 289	92 021	95 052	122 751	105 931	125 000	136 214	170 029
Storm water Infrastructure	28 668	35 804	39 120	37 688	37 820	36 430	34 956	33 394
Electrical Infrastructure	8 510	11 179	12 788	20 739	19 513	26 036	28 029	29 292
Solid Waste Infrastructure	1 911	1 875	2 226	6 310	3 839	21 772	26 071	25 753
Infrastructure	***134 377***	***140 880***	***149 186***	***187 489***	***167 103***	***209 238***	***225 270***	***258 468***
Community Facilities	11 028	11 693	15 605	31 973	22 424	26 960	33 929	36 624
Sport and Recreation Facilities	4 856	16 151	16 964	34 757	24 377	23 862	31 317	30 740
Community Assets	***15 885***	***27 844***	***32 570***	***66 731***	***46 801***	***50 822***	***65 246***	***67 364***
Revenue Generating	5 024	10 354	15 096	10 354	15 096	15 096	15 096	15 096
Non-revenue Generating	3 640	6 670	7 105	6 670	7 105	7 105	7 105	7 105
Investment properties	***8 664***	***17 024***	***22 201***	***17 024***	***22 201***	***22 201***	***22 201***	***22 201***
Operational Buildings	59 365	80 309	91 059	102 744	93 593	103 596	108 804	107 964
Other Assets	***59 365***	***80 309***	***91 059***	***102 744***	***93 593***	***103 596***	***108 804***	***107 964***
Licences and Rights	160	203	220	151	230	165	94	19
Intangible Assets	***160***	***203***	***220***	***151***	***230***	***165***	***94***	***19***
Computer Equipment	**1 115**	**2 250**	**1 985**	**2 272**	**3 032**	**2 800**	**2 026**	**1 206**
Furniture and Office Equipment	**3 186**	**3 609**	**3 393**	**3 487**	**3 702**	**2 800**	**1 845**	**834**
Machinery and Equipment	**16 233**	**15 095**	**14 298**	**12 950**	**13 410**	**12 993**	**10 377**	**7 605**
Transport Assets	**6 604**	**9 624**	**9 486**	**8 650**	**8 006**	**7 752**	**5 641**	**3 004**
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	**245 588**	**296 838**	**324 398**	**401 497**	**358 078**	**412 366**	**441 505**	**468 665**
EXPENDITURE OTHER ITEMS								
Depreciation	11 794	13 180	18 352	19 045	19 652	21 016	22 271	23 601
Repairs and Maintenance by Asset Class	**3 758**	**4 613**	**6 780**	**6 535**	**6 083**	**8 704**	**9 144**	**9 606**
Roads Infrastructure	83	871	1 405	1 006	1 223	1 348	1 415	1 486
Storm water Infrastructure	27	–	24	20	20	21	22	23
Electrical Infrastructure	1 192	1 177	831	1 173	543	1 347	1 415	1 485
Solid Waste Infrastructure	–	–	44	90	42	162	170	179
Infrastructure	***1 302***	***2 048***	***2 304***	***2 289***	***1 828***	***2 878***	***3 022***	***3 173***
Community Facilities	357	444	535	1 326	1 208	1 279	1 343	1 411
Sport and Recreation Facilities	35	36	58	–	–	35	37	38
Community Assets	***392***	***480***	***592***	***1 326***	***1 208***	***1 313***	***1 380***	***1 450***
Operational Buildings	237	487	685	186	186	601	631	663
Other Assets	***237***	***487***	***685***	***186***	***186***	***601***	***631***	***663***
Furniture and Office Equipment	**29**	**6**	**482**	**34**	**11**	**463**	**486**	**511**
Machinery and Equipment	**606**	**189**	**996**	**639**	**880**	**1 247**	**1 312**	**1 380**
Transport Assets	**1 191**	**1 404**	**1 720**	**2 061**	**1 970**	**2 201**	**2 312**	**2 429**
TOTAL EXPENDITURE OTHER ITEMS	**15 552**	**17 793**	**25 132**	**25 580**	**25 734**	**29 720**	**31 415**	**33 207**
Renewal and upgrading of Existing Assets as % of total capex	*0.0%*	*0.0%*	*30.8%*	*30.4%*	*31.5%*	*19.7%*	*13.8%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprec.	*0.0%*	*0.0%*	*65.2%*	*120.7%*	*85.4%*	*70.7%*	*31.9%*	*0.0%*
R&M as a % of PPE	*1.6%*	*1.6%*	*2.2%*	*1.7%*	*1.8%*	*2.2%*	*2.2%*	*2.2%*
Renewal and upgrading and R&M as a % of PPE	*2.0%*	*2.0%*	*6.0%*	*7.0%*	*6.0%*	*6.0%*	*4.0%*	*2.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets					
Energy:					
Electricity (at least min.service level)	29 869	29 869	31 273	31 273	31 273
Electricity - prepaid (min.service level)	986	986	1 032	1 032	1 032
Minimum Service Level and Above sub-total	30 855	30 855	32 305	32 305	32 305
Other energy sources	7 191	7 191	7 529	7 529	7 529
Below Minimum Service Level sub-total	7 191	7 191	7 529	7 529	7 529
Total number of households	**38 046**	**38 046**	**39 834**	**39 834**	**39 834**
Refuse:					
Removed at least once a week	5 136	5 136	5 377	5 377	5 377
Minimum Service Level and Above sub-total	5 136	5 136	5 377	5 377	5 377
Using communal refuse dump	34 289	34 289	35 901	35 901	35 901
Below Minimum Service Level sub-total	34 289	34 289	35 901	35 901	35 901
Total number of households	**39 425**	**39 425**	**41 278**	**41 278**	**41 278**
Cost of Free Basic Services provided - Formal Settlements (R'000)					
Electricity/other energy (50kwh per **indigent** household per month)	6 661	6 784	6 904	7 318	7 757
Refuse (removed once a week **for indigent households**)	5 034	5 034	5 387	5 710	6 052
Total cost of FBS provided	**11 695**	**11 818**	**12 290**	**13 028**	**13 809**
Highest level of free service provided per household					
Property rates (R value threshold)	60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140
Revenue cost of subsidised services provided (R'000)					
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**	1 802	1 802	1 928	2 044	2 166
Total revenue cost of subsidised services provided	**1 802**	**1 802**	**1 928**	**2 044**	**2 166**

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 IDP and Service Delivery and Budget Implementation Plan

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2016. Key dates applicable to the process were:

Time Frames	Mayor and Council	Administration - Municipality
July – August 2016	Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53 IDP & Budget Steering Committee Meeting to discuss draft IDP & Budget process plan **August 2016** Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year **31 August 2016.** MFMA s 21,22, 23; MSA s 34, Ch 4 as amended	Accounting officers and senior officials of municipality begin planning for next three-year budget MFMA s 68, 77
September – November 2016	Advertise IDP & Budget review deadlines **2 September 2016** IDP Representative Forum to discuss process plan and review analysis **August 2016** Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans **September – November 2016** ExCo outreach **15 September – 28 October 2016** IDP Representative Forum to discuss and finalise outreach issues **2 November 2016**	Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc) Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS Accounting officer reviews and drafts initial changes to IDP MSA s 34

Time Frames	Mayor and Council	Administration - Municipality
	Departmental sessions to discuss issues raised in outreach and draft objectives, strategies and project proposals **14- 18 November 2016** IDP & Budget Steering Committee to discuss departmental issues and develop draft objectives, strategies and project proposals **29 November 2016**	
December 2016	Council finalises tariff (rates and service charges) policies for next financial year MSA s 74, 75	Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements by **21 December 2016**
January 2017		Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36
February 2017	IGR Meeting to discuss project proposals and budgets with sector departments **9 February 2017** Municipal strategic session **30 January-3 February 2017** IDP and Budget Steering Committee **21 February 2017**	Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2)

Time Frames	Mayor and Council	Administration - Municipality
March 2017	IDP Rep & Public participation Forum to discus draft IDP **7 March 2017** IDP & Budget Steering Committee meeting to develop draft high level SDBIP **16 March 20** Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 16, 22, 23, 87; MSA s 34 **31 March 2017**	Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March MFMA s 42
April – May 2017	Directors to meet with departments and draft departmental SDBIP's **3-14 April 2017** Public hearings on the budget **7 April to 7 May 2017**, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration MFMA s 23, 24; MSA Ch 4 as amended IDP & Budget Steering committee meetings to discuss SDBIP and budget submissions **12 May 2017** IDP Representative Forum to discuss draft PMS targets **16 May 2017** Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature Accounting officers of municipality publishes adopted budget and plans **29 May 2017** MFMA s 75, 87

Time Frames	Mayor and Council	Administration - Municipality
	MFMA s 21 Council to consider approval of budget and plans at least 30 days before start of budget year, **19 May 2017.** MFMA s 23, 24; MSA Ch 4 as amended Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year **19 May 2017** MFMA s 16, 24, 26, 53 IDP submitted to Mec of local government **29 May 2016**	
June 2017	Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA **16 June 2017**. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to Council **30 June 2017**, MEC for local government and makes public within 14 days after approval **10 July 2017**. MFMA s 53; MSA s 38-45, 57(2) Council must finalise a system of delegations. MFMA s 59, 79, 82; MSA s 59-65	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA (**2 June 2017**). MFMA s 69; MSA s 57

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

1.8.2 Community Consultation

A full consultation process will be carried out during April 2017. During this process members of the community will be given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2017.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2017/18 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	4 225	2 555	3 055	3 239	3 433
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	42 389	36 394	38 701	39 174	41 295
To ensure effective management of infrastructure and facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	48	48	51	54	57
To ensure regular maintenance of cemetries /To improve cemetry records and administration / To build new cemetries / To facilitate pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	35	35	37	39	42
To provide library services to all residents	LIBRARIES	BSD06	1 202	1 502	1 502	1 502	1 502
To maintain and control the commonages / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	67	127	4 075	4 319	4 578
To improve the quality of life for our communities by eradiating refuse service delivery backlogs	WASTE MANAGEMENT	BSD09	33 453	33 449	34 537	35 671	36 469
To ensure that the indigent register is accurate / That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	(13 497)	(13 620)	(14 218)	(15 072)	(15 976)
To upgrade the electrical network through installation of new lines (LV,MV & HV) / To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment / To install street lights in all existing urban areas under municipal control / To electrify all municipal infrastructure such as community halls and stadiums to increase community usage / To reduce electrical leakage by maintaining existing equipment and installing new equipment	ELECTRICITY AND STREET LIGHTING	BSD11	66 386	66 515	69 900	65 694	66 127
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	6 458	6 458	6 675	7 009	7 344
To ensure that ward committees sit on a regular basis / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc	COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	–	200	212	225	238
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To decrease unauthorised, irregular, fruitless, wasteful expenditure and minor breaches through regular reporting / To comply with the MFMA prescripts by submitting various documents such as the AFS / To increase the amount of expenditure on the capital and operational budget including conditional grants / To expand and protect the municipal revenue base by implementing the valuation role and increasing % of actual revenue collected	FINANCIAL MANAGEMENT	MFMV03	95 186	98 192	101 306	104 466	107 605

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	1 395	15	16	17	18
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	–	178	189	201	213
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	–	30	32	34	36
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation	SPATIAL PLANNING	MTID12	30	34	36	38	40
To Ensure Infrastructure Management and reporting	PMU Reporting	MTID14	1 836	1 836	1 956	2 062	2 173
Total Revenue (excluding capital transfers and contributions)			**239 213**	**233 948**	**248 061**	**248 672**	**255 194**

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	4 527	4 588	4 839	5 093	5 360
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	20 630	19 956	21 179	22 384	23 658
To ensure effective management of infrastructure and facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	4 229	4 045	4 275	4 503	4 744
To ensure regular maintenance of cemetries /To improve cemetry records and administration / To build new cemetries / To facilitate pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	1 508	1 658	1 713	1 801	1 894
To maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	922	1 277	1 349	1 423	1 502
To provide library services to all residents	LIBRARIES	BSD06	1 801	1 772	1 874	1 972	2 075
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	337	364	386	407	429
To maintain and control the commonages / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	1 753	1 747	5 292	5 562	5 846
To improve the quality of life for our communities by eradiating refuse service delivery backlogs	WASTE MANAGEMENT	BSD09	20 407	19 462	20 537	21 619	22 759
To ensure that the indigent register is accurate / That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	–	1 266	1 355	1 436	1 523
To upgrade the electrical network through installation of new lines (LV,MV & HV) / To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment / To install street lights in all existing urban areas under municipal control / To electrify all municipal infrastructure such as community halls and stadiums to increase community usage / To reduce electrical leakage by maintaining existing equipment and installing new equipment	ELECTRICITY AND STREET LIGHTING	BSD11	42 739	43 280	43 975	46 550	49 276
To undertake risk assessments and develop risk plans to combat or mitigate risk where possible / To implement the fraud prevention policy	RISK & FRAUD PREVENTION	GGPP01	1 081	1 010	1 057	1 111	1 168
To ensure compliance with all legislated deadlines such as MFMA & MSA IDP and budget dates	COMPLIANCE	GGPP02	49	49	52	56	59
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	29 001	28 846	29 927	31 616	33 401
To ensure that ward committees sit on a regular basis / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc	COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	5 861	5 783	6 050	6 391	6 752
To ensure that the HIV & Aids strategy is implemented through HIV & Aids Council meetings and public participation / To ensure that targeted groups such as the elderly, people with disabilities, youth and women are developed and included in government activities / To increase the participation of youth in government activities through the Mayoral Cup and youth festival	MAINSTREAMING	GGPP05	1 036	906	845	895	949
To promote responsible tourism and arts and heritage through continued support to local iniatives	Tourism	LED01	1 422	1 329	1 233	1 298	1 366

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To promote and attract development in the local economy through implementation of the LED strategy	Local Economic Development	LED02	9 458	9 418	8 035	8 497	8 987
To promote the growth of BBEE and local contractors through supply chain management processes / To ensure that bid committees function in accordance with scm legislation / To comply with the MFMA prescriptions of supply chain management	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	2 608	2 612	2 767	2 919	3 078
To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting / To ensure compliance by developing and maintaining a fully GRAP compliant asset register	ASSET MANAGEMENT	MFMV02	1 182	1 195	1 262	1 329	1 400
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To decrease unauthorised, irregular, fruitless, wasteful expenditure and minor breaches through regular reporting / To comply with the MFMA prescripts by submitting various documents such as the AFS / To increase the amount of expenditure on the capital and operational budget including conditional grants / To expand and protect the municipal revenue base by implementing the valuation role and increasing % of actual revenue collected	FINANCIAL MANAGEMENT	MFMV03	11 523	11 256	11 934	12 593	13 287
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	6 594	6 564	6 982	7 285	7 606
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	1 270	1 797	1 895	2 003	2 117
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	4 207	4 652	4 951	5 233	5 532
To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP)	SKILLS DEVELOPMENT	MTID01	2 447	2 721	2 291	2 428	2 573
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	3 632	3 463	3 652	3 843	4 044
To ensure the physical and mental well being of employees through the implantation of an employee wellness programme	EMPLOYEE WELLNESS PROGRAMME	MTID04	471	393	413	434	456
To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	OCCUPATIONAL HEALTH AND SAFETY	MTID05	93	73	77	81	85
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	1 877	2 626	2 761	2 901	3 049
To review and implement departmental policies, procedures, procedure manuals and bylaws annually	POLICIES AND BY	MTID08	874	874	879	923	969
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	4 421	5 483	5 811	6 131	6 468
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	5 806	7 121	7 551	7 977	8 427
To ensure that a system of departmental and individual performance management system in implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	6 367	6 249	6 602	6 954	7 325
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation	SPATIAL PLANNING	MTID12	3 696	3 601	3 775	3 969	4 172
To Ensure Infrastructure Management and reporting	PMU Reporting	MTID14	2 237	2 163	2 281	2 402	2 530
Total Expenditure			**206 066**	**209 599**	**219 857**	**232 020**	**244 865**

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	300	300	250	3 000	–
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	32 478	20 427	31 431	21 730	44 962
To ensure effective management of infrastructure and facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	3 800	3 739	1 950	–	–
To ensure regular maintenance of cemetries /To improve cemetry records and administration / To build new cemetries / To facilitate pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	300	382	700	4 000	2 000
To maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	7 880	8 459	–	8 000	–
To provide library services to all residents	LIBRARIES – BSD06	BSD06	–	–	–	–	–
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	200	1 300	–	–	–
To maintain and control the commonages / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	1 800	578	3 046	1 200	2 000
To improve the quality of life for our communities by eradiating refuse service delivery backlogs	WASTE MANAGEMENT	BSD09	4 440	2 205	18 306	4 600	–
To upgrade the electrical network through installation of new lines (LV,MV & HV) / To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment / To install street lights in all existing urban areas under municipal control / To electrify all municipal infrastructure such as community halls and stadiums to increase community usage / To reduce electrical leakage by maintaining existing equipment and installing new equipment	ELECTRICITY AND STREET LIGHTING	BSD11	6 762	7 172	7 080	2 500	1 800
To provide office space and parking by building new offices and renovating existing buildings / To promote responsible tourism and arts and heritage through continued support to local iniatives / To promote and attract development in the local economy through implementation of the LED strategy	OFFICE SPACE	BSD12	11 500	2 000	–	–	–
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	413	413	1 500	–	–
To ensure that ward committees sit on a regular basis / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc / To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes / To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc	COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	20	20	–	–	–
To promote responsible tourism and arts and heritage through continued support to local iniatives	Tourism	LED01	110	110	20	3 000	–

Strategic Objective	Goal	Goal Code	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To promote and attract development in the local economy through implementation of the LED strategy	Local Economic Development	LED02	800	1 760	–	–	–
To promote the growth of BBEE and local contractors through supply chain management processes / To ensure that bid committees function in accordance with scm legislation / To comply with the MFMA prescriptions of supply chain management	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	1 420	1 473	500	–	–
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To decrease unauthorised, irregular, fruitless, wasteful expenditure and minor breaches through regular reporting / To comply with the MFMA prescripts by submitting various documents such as the AFS / To increase the amount of expenditure on the capital and operational budget including conditional grants / To expand and protect the municipal revenue base by implementing the valuation role and increasing % of actual revenue collected	FINANCIAL MANAGEMENT	MFMV03	–	15	20	380	–
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	255	380	–	–	–
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	1 375	1 375	500	–	–
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	200	200	–	–	–
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	5	5	–	–	–
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	1 050	550	10 000	3 000	–
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	420	420	–	–	–
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation	SPATIAL PLANNING	MTID12	50	50	–	–	–
Total Capital Expenditure			**75 578**	**53 332**	**75 303**	**51 410**	**50 762**

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	Current Year 2016/17		2017/18 Medium Term Revenue &		
		Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 2 - Planning & Development						
Function 1 - Community						
Sub-function 1 - Other						
Hawker Stalls	Completion of project	400	1 760	–	3 000	–
Vote 3 - Corporate Services						
Function 1 - Buildings						
Sub-function 1 - Other Buildings						
Office Renovations	Completion of project	9 200	1 000	8 000	3 000	–
Parking bay	Completion of project	2 000	1 000	1 500	–	–
Vote5 - Road Transport						
Function 1 - Roads						
Sub-function 1 - Acces Roads						
Access Roads Ward 17 (Roads Asset)	Completion of project to the specification of the engineers	–	3 799	–	–	–
Access Roads Ward 18 (Roads Asset)	Completion of project to the specification of the engineers	–	3 774	–	–	–
Sub-function 2 - Surfaced Roads						
Herschel Paved Roads	Completion of project to the specification of the engineers	8 589	5 665	11 778	–	–
Tienbank Paved Roads	Completion of project to the specification of the engineers	13 589	5 856	10 093	–	–
Roads between Esilindini and Frans	Completion of project to the specification of the engineers	–	–	1 000	2 500	–
New Rest Construction - Paving	Completion of project to the specification of the engineers	–	–	2 000	13 230	–
Steve Tshwete - Paving	Completion of project to the specification of the engineers	–	–	–	3 000	13 000
Thaba Lesoba – Marallaneng –Trusting	Completion of project to the specification of the engineers	–	–	2 000	3 000	–
Boysi Nondala Paved Roads	Completion of project to the specification of the engineers	6 800	–	2 100	–	–
Paved Roads Senqu	Completion of project to the specification of the engineers	–	–	–	–	26 462
Dibinkonzo Village: Smith to Sinobomi	Completion of project to the specification of the engineers	–	–	–	–	5 500

Description	Unit of measurement	Current Year 2016/17		2017/18 Medium Term Revenue &		
		Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Function 2 - Bridges						
Sub-function 1 - Bridges						
Bridge Ward 5	Completion of project to the specification of the engineers	100	100	–	–	–
Bridge Kwezi Naledi Renewal	Completion of project to the specification of the engineers	2 200	200	–	–	–
Vote9 - Community & Social Services						
Function 1 - Community Halls						
Sub-function 1 - Buildings						
Community Hall - Ward 9	Completion of the hall to specifications	–	1 249	1 200	–	–
Community Hall - Ward 12	Completion of the hall to specifications	–	158	–	–	–
Community Hall - Ward 18	Completion of the hall to specifications	–	82	–	–	–
Renovations Transwilger Hall	Renovation of the hall to specifications	2 000	2 000	–	–	–
Renovations (Barkly East Town Hall)	Renovation of the hall to specifications	1 000	250	750	–	–
Renovations Fairview Community Hall	Renovation of the hall to specifications	800	–	–	–	–
Function 2 - Cemetries						
Sub-function 1 - Cemetries						
Fencing Cemeteries - Lady Grey	Completion of project to the specification of the engineers	–	160	–	–	–
EIA's Senqu Cemeteries	Completion of project to the specification of the engineers	–	–	700	–	–
Boyce Nondala and Lulama Cemeteries	Completion of project to the specification of the engineers	–	–	–	2 500	–
Joveleni, Hinana, Voyizana Cemeteries	Completion of project to the specification of the engineers	–	–	–	1 000	–
Naledi, Herschel, Zava, Thabakoloi, Nkopane, Khiba	Completion of project to the specification of the engineers	–	–	–	500	2 000
Vote10 - Sport & Recreation						
Function 1 - Sport Facilities						
Sub-function 1 - Sport Facilities						
Upgrading Sport Facility-Barkly East	Upgrading of sport facilities	80	80	–	–	–
Naledi Sport Field - Ward 2	Fully functional sport facilities	4 000	3 648	–	–	–
Kwa-Gcina Sport Field - Ward 13	Fully functional sport facilities	3 000	3 761	–	–	–
Sport Fields Blue Gums Mogesi, Showgrounds	Fully functional sport facilities	–	–	–	8 000	–
Function 2 - Parks and Gardens						
Sub-function 1 - Parks and Gardens						
Establishment of Park (Lady Grey)	Completion of project to the specification of the engineers	–	1 100	–	–	–

Description	Unit of measurement	Current Year 2016/17		2017/18 Medium Term Revenue &		
		Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote11 - Public Safety						
Function 1 - Public Safety						
Sub-function 1 - Pounds						
Lady Grey Pound	Fully functional animal pound	1 000	378	2 246	–	–
Pound Project: Barkly East	Fully functional animal pound	600	600	–	–	–
Pound Project: Sterkspruit	Fully functional animal pound	–	–	–	400	2 000
Vote12 - Electricity						
Function 1 - Electricity distribution						
Sub-function 1 - Infrastructure						
Conlog Meter Installation	Completion of project to the specification of the engineers	1 420	2 290	–	–	–
B-E Constuction High Voltage Overhead Line at Lombaard Farm.	Completion of project to the specification of the engineers	90	90	–	–	–
Constuction High Voltage Overhead LineBoxer	Completion of project to the specification of the engineers	8	8	–	–	–
Constuction High Voltage Overhead Empilisweni	Completion of project to the specification of the engineers	73	73	–	–	–
New Constuction of one Kilometer Low Voltage Line Ext. 4A.	Completion of project to the specification of the engineers	230	230	–	–	–
Pre-Paid Electricity Meters	Completion of project to the specification of the engineers	–	–	2 000	2 500	1 800
DOE Projects - Pre Engineering Costs - Rural Connections	Completion of project to the specification of the engineers	–	–	5 000	–	–
Function 2 - Street Lighting						
Sub-function 1 - Street Lighting						
Public Street Lighting (Barkly East)	Completion of project to satisfy specifications of the engineers	400	582	–	–	–
Public Street Lighting (Lady grey)	Completion of project to satisfy specifications of the engineers	2 800	3 028	–	–	–
L-G New Street Lights Walter and Cloete street	Completion of project to the specification of the engineers	123	123	–	–	–
L-G New Street Lights Dwars Street	Completion of project to the specification of the engineers	65	65	–	–	–
New Street Lights for Kwezi Naledi	Completion of project to the specification of the engineers	106	106	–	–	–
Vote13 - Waste Management						
Function 1 - Refuse						
Sub-function 1 - Waste sites Infrastructure						
Solid Waste Site Ward 10 - Sterkspruit	Completion of project to satisfy specifications of the engineers	–	–	400	4 100	–
Solid Waste Site Ward 11 - Herschell	Completion of project to satisfy specifications of the engineers	1 450	59	5 657	–	–
Solid Waste Site Ward 15 - Rossouw	Completion of project to satisfy specifications of the engineers	560	59	2 974	–	–
Solid Waste Site Ward 16 - Rhodes	Completion of project to satisfy specifications of the engineers	560	59	4 636	–	–
Lining and NEMA: Barkly East	Completion of project to satisfy specifications of the engineers	500	500	2 000	–	–
Lining and NEMA: Lady Grey	Completion of project to satisfy specifications of the engineers	500	500	2 000	–	–
Transit Sites	Completion of project to satisfy specifications of the engineers	500	500	500	500	–

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF. (Derived from the National Treasury formats)

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management									
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	1.3%	1.9%	0.9%	1.7%	1.7%	1.6%	1.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.4%	3.7%	5.4%	3.3%	5.9%	5.5%	5.6%	5.7%
Safety of Capital									
Gearing	Long Term Borrowing/ Funds & Reserves	662.9%	78.3%	6.9%	9.8%	6.0%	5.9%	5.1%	4.6%
Liquidity									
Current Ratio	Current assets/current liabilities	6.2	5.9	7.8	8.1	9.5	8.3	7.5	6.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	6.2	5.9	7.8	8.1	9.5	8.3	7.5	6.6
Liquidity Ratio	Monetary Assets/Current Liabilities	5.5	5.3	7.1	6.6	8.8	7.5	6.7	5.9
Revenue Management									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	101.1%	82.6%	80.8%	97.2%	86.7%	85.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	101.1%	82.6%	80.8%	97.2%	86.7%	85.6%	84.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.4%	9.9%	9.8%	14.6%	8.6%	8.6%	9.0%	9.6%
Creditors Management									
Creditors to Cash and Investments		6.1%	4.3%	3.8%	6.0%	5.3%	6.0%	6.6%	7.6%
Other Indicators									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	3 996	3 629	4 407					
	Total Cost of Losses (Rand '000)	2 830	2 802	3 879					
	% Volume (units purchased and generated less units sold)/units purchased and generated	15.21%	13.95%	16.76%					
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.6%	30.0%	30.5%	38.4%	37.9%	39.3%	40.6%	41.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.6%	35.7%	35.9%	44.9%	44.4%	45.8%	47.4%	48.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	2.5%	3.3%	3.4%	3.1%	4.2%	4.4%	4.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.3%	10.9%	10.8%	10.4%	11.5%	11.6%	12.1%	12.5%
IDP regulation financial viability indicators									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.1	3.9	5.2	4.3	4.3	3.9	3.8	3.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	53.1%	52.1%	56.0%	67.1%	39.7%	40.9%	43.3%	46.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	19.7	19.8	19.7	9.4	15.2	12.8	11.5	10.1

Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

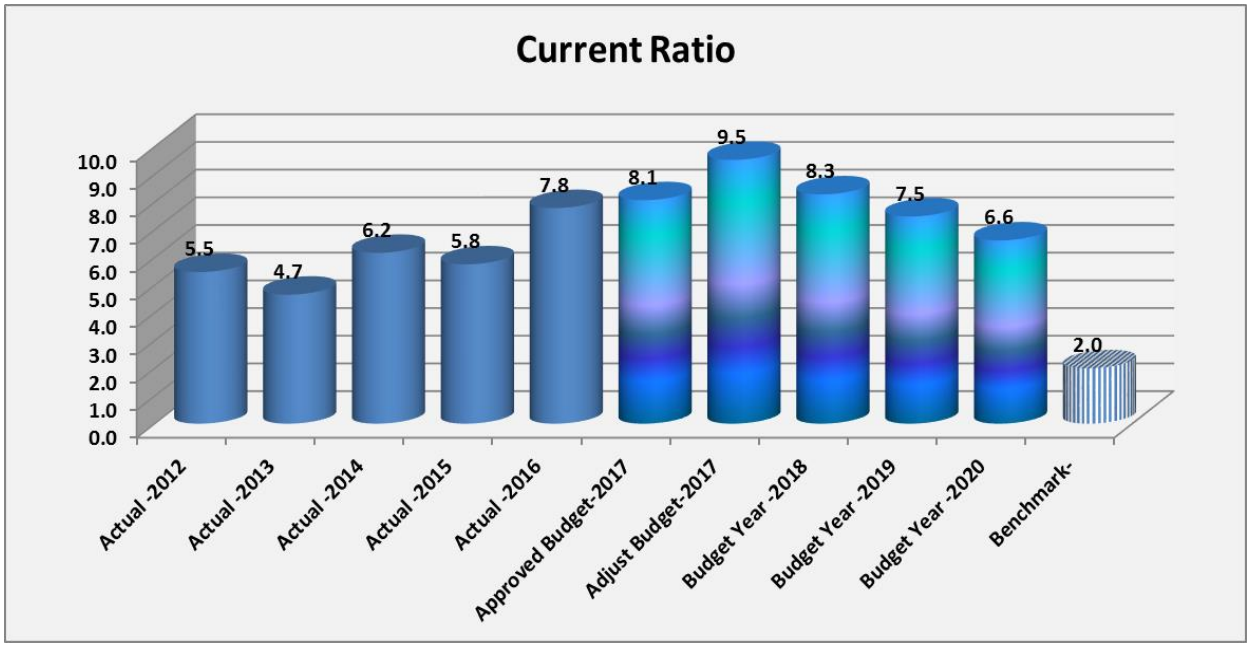
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has fluctuated between 1,6 and 1,7 per cent in over the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

1.9.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves.

1.9.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted below. There are however a decline as a result of the declining cash resources at the Senqu Municipality.



- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio is 7,5 and this ratio is projected to decline to 5,9 in 2019/20. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

1.9.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

1.9.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.9.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 15,2 per cent in the 2013/14 financial year to 13,95 per cent in 2014/15. There was an upward trend to 16,7 per cent for the 2015/2016 financial year. The municipality invested in infrastructure to reduce this high level, and reductions are expected for the current year and the MTREF period and the target is to bring this down to a more acceptable level of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 39,3 per cent to 41,8 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.

- Repairs and maintenance as percentage of operating revenue is increasing slightly owing directly to cost drivers such as bulk purchases and employee costs. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

A list of all budget related policies can be seen below:

Policy Name	**Date Reviewed**	**Amendments Made**
Asset Management and Insurance Policy	March 2017	No
Borrowing & Funding & Reserves Policy	March 2017	No
Cash Management Banking Investment Policy	March 2017	No
Credit Control & Debt Collection Policy	March 2017	No
Free Basic Services & Indigent Subsidy Support Policy	March 2017	No
Property Rates & Valuation Policy	March 2017	No
Supply Chain Management Policy	March 2017	Yes
Tariff & Services Policy	March 2017	No
Virement Policy	March 2017	New policy

The following amendments were made to the Policies as listed above

1.10.1 Supply Chain Management Policy

- The following was added to the definitions on page 6:
  - "e-Tendering" means that you can place a tender electronically on the National Treasury website threw e-tendering"

- The following was added to the end of paragraph 6 [a] on page 21:
  - "within 2 weeks after submission of the tender documents."

- "must keep" was added to paragraph 17 [1] [d] on page 24

- "– 7 day notice" was added to the end of the heading of 18 on page 24

- "[vi] registration of the central data base" were added to paragraph 21 [a] on page 27

- The paragraph below was added to 22 [9] on page 29:
  - "[g] An e-Tendering System that is an electronic tendering system that facilitates the complete tendering process from the advertising of the requirements through the placing of the contract on the National Treasury Website."

- "SARS Pin number" was added to the 5th row of the table under 40 [4] on page 57.

- The sentence under paragraph 66 on page 74 of the policy were changed from

  "ALL Suppliers that are registered with Senqu Municipality must also register with the National Treasury Central Data Base." to "ALL Suppliers that are registered with Senqu Municipality data base must also register with the National Treasury Central Data Base."

1.10.2 Virement Policy

A virement policy was drafted in line with the mSCOA regulations.

1.10.3 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

1.10.4 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

1.10.5 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

1.10.6 Recommendations

That the Committee Members take note of the Reviewal of all the Budget Related Policies and the recommend that the amendments as listed above be adopted with the approval of the 2017/18 MTREF

1.11 Overview of budget assumptions

1.11.1 External factors

In economic and fiscal terms, South Africa has reached a crossroads. The good news is that the domestic economic slowdown appears to have bottomed out. After growing by only 0.5 per cent in 2016, the economy is projected to grow by 1.3 per cent in 2017 and 2 per cent in 2018. Furthermore, the country has experienced a decline in mining growth and weakened agricultural outputs as a result of the drought while growth in transport and telecommunications, electricity, gas and water have declined because of weakened demand.

In developed economies, the combination of weak economic growth, low or negative interest rates, and elevated asset prices has increased the likelihood of renewed financial volatility. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows. While global economic weakness plays a large role in South Africa's economic growth performance, domestic constraints stand in the way of investment, output and trade.

1.11.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2017/18 MTREF.

Table 1: Macroeconomic performance and projections, 2015 - 2019

Fiscal year	2016/17	2017/18	2018/19	2019/20
	Estimate	Forecast		
Consumer Price Inflation (CPI)	6.4%	6.4%	5.7%	5.6%
Real GDP growth	0.5%	1.3%	2.0%	2.2%

Source: 2017 Budget Review.

1.11.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. The low gross domestic product growth contributed to the negative outlook, and that the country's gross debt is expected to rise to 54% by 2019 due to increasing financing needs.

Interest rates for borrowing and investment of funds

The Monetary Policy Committee (MPC) had unanimously decided to keep the repurchase rate unchanged at 7 per cent, just as it did in May, July, September, and November 2016. The prime lending rate will also remain unchanged at 10.5 percent.

In order to counter inflation, excessive growth of the available funds (money) must be prevented. To this end the commercial banks must keep interest rates at a level which prevents an excessive growth in bank lending. In order to achieve this the central bank sets the level of the repo (repurchase) rate, thereby influencing the interest rates that banks pass on to their customers for products such as mortgages, business and personal loans and savings.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.11.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

The South African Local Government Association recently entered into a three-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

1.11.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

1.12 Overview of budget funding

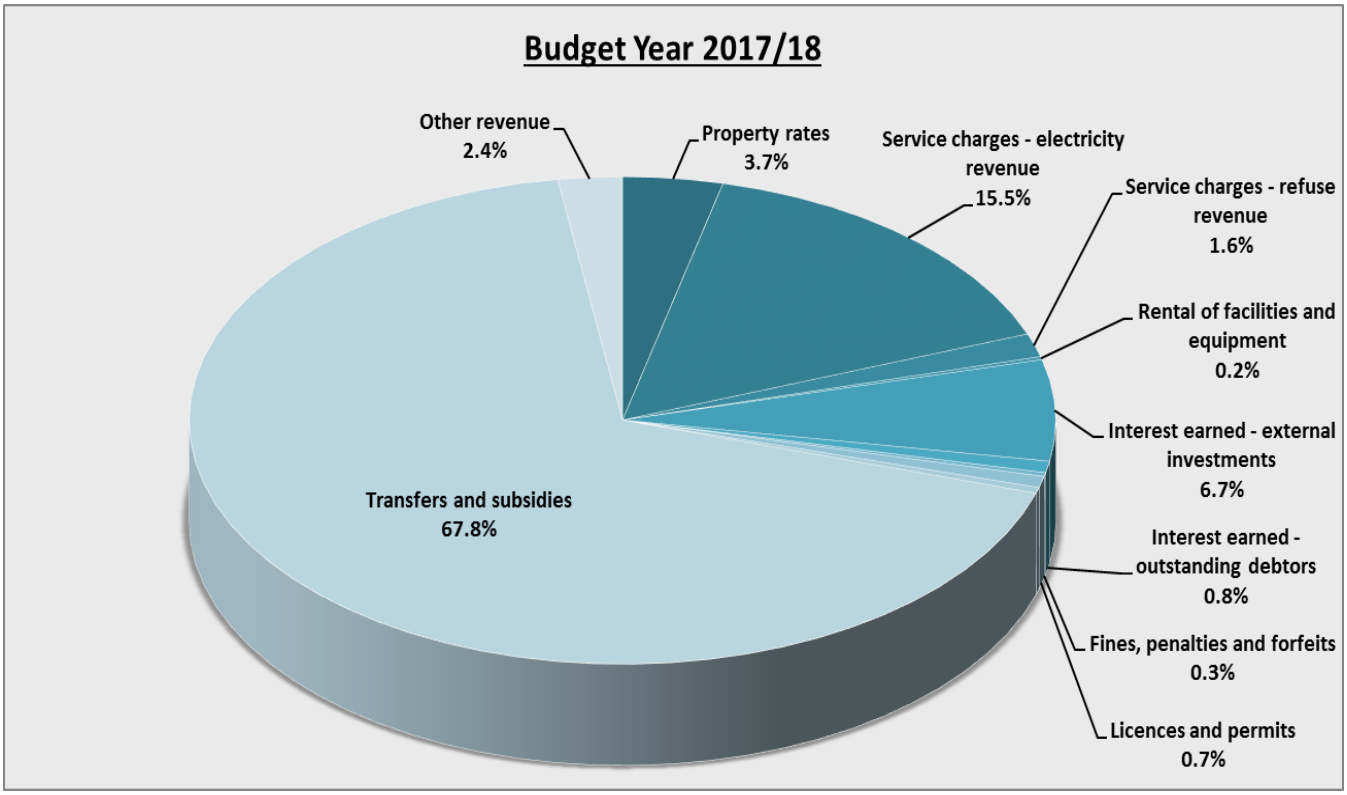
1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Operating revenue over medium-term

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year 2018/19	%	Budget Year 2019/120	%
Revenue By Source								
Property rates	7 267	3.7%	7 686	3.7%	8 147	3.9%	8 635	4.0%
Service charges - electricity revenue	31 286	16.1%	31 942	15.5%	31 697	15.1%	31 433	14.7%
Service charges - refuse revenue	3 066	1.6%	3 199	1.6%	3 391	1.6%	3 595	1.7%
Rental of facilities and equipment	405	0.2%	429	0.2%	455	0.2%	482	0.2%
Interest earned - external investments	13 000	6.7%	13 780	6.7%	14 607	7.0%	15 483	7.2%
Interest earned - outstanding debtors	1 490	0.8%	1 579	0.8%	1 674	0.8%	1 775	0.8%
Fines, penalties and forfeits	392	0.2%	516	0.3%	546	0.3%	579	0.3%
Licences and permits	1 445	0.7%	1 532	0.7%	1 624	0.8%	1 721	0.8%
Agency services	750	0.4%	795	0.4%	843	0.4%	893	0.4%
Transfers and subsidies	134 424	69.2%	139 520	67.8%	141 300	67.4%	143 775	67.2%
Other revenue	695	0.4%	4 924	2.4%	5 220	2.5%	5 533	2.6%
Total Revenue (excluding capital transfers and	**194 220**	**100%**	**205 902**	**100%**	**209 503**	**100%**	**213 905**	**100%**
Total Revenue from Rates and Service Charges	**43 514**	**22.4%**	**44 836**	**21.8%**	**45 364**	**21.7%**	**45 920**	**21.5%**

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.


Budget Year 2017/18
Other revenue 2.4%
Property rates 3.7%
Service charges - electricity revenue 15.5%
Service charges - refuse revenue 1.6%
Rental of facilities and equipment 0.2%
Interest earned - external investments 6.7%
Interest earned - outstanding debtors 0.8%
Fines, penalties and forfeits 0.3%
Licences and permits 0.7%
Transfers and subsidies 67.8%

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detailed investment information and investment particulars by maturity.

Table 34 MBRR SA15 – Detail Investment Information

Investment type	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality								
Deposits - Bank	161 791	181 297	220 015	120 771	187 012	158 961	135 116	114 849
Municipality sub-total	**161 791**	**181 297**	**220 015**	**120 771**	**187 012**	**158 961**	**135 116**	**114 849**
Total:	**161 791**	**181 297**	**220 015**	**120 771**	**187 012**	**158 961**	**135 116**	**114 849**

Table 35 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Type of Investment	Capital Guarantee (Yes/ No)	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID					
Parent municipality					
					–
Standard Bank 38 848 973 1 - 005	32 day	32 day	45 391	4 308	**49 699**
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	5 244	498	**5 741**
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	94 546	8 974	**103 520**
					–
TOTAL INVESTMENTS AND INTEREST			**145 181**	**13 780**	**158 961**

1.12.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	4 492	4 044	3 605	5 873	6 541	6 660	6 973	7 302
Service charges	26 052	30 219	25 745	27 858	33 905	30 452	30 033	29 618
Other revenue	2 774	–	8 103	6 152	4 988	8 138	8 622	9 134
Government - operating	104 953	119 538	143 892	134 124	134 424	139 520	141 300	143 775
Government - capital	29 351	38 902	31 599	45 728	39 728	42 159	39 169	41 289
Interest	8 881	10 512	13 913	11 123	13 000	15 149	16 187	17 177
Payments								
Suppliers and employees	(113 122)	(132 126)	(148 947)	(176 655)	(186 652)	(186 999)	(196 522)	(207 172)
Finance charges	(1 281)	(1 341)	(1 117)	(1 149)	(2 743)	(2 818)	(2 987)	(3 166)
Transfers and Grants	(111)	(480)	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**61 990**	**69 269**	**76 794**	**53 054**	**43 191**	**52 261**	**42 775**	**37 957**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	128	316	248	–	–	–	–	–
Payments								
Capital assets	(52 757)	(48 443)	(38 885)	(75 578)	(53 332)	(75 303)	(51 410)	(50 762)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(52 629)**	**(48 127)**	**(38 636)**	**(75 578)**	**(53 332)**	**(75 303)**	**(51 410)**	**(50 762)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	169	120	103	74	67	70	74	78
Payments								
Repayment of borrowing	(793)	(792)	(802)	(793)	(815)	(827)	(841)	(855)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(624)**	**(672)**	**(700)**	**(718)**	**(747)**	**(757)**	**(767)**	**(778)**
NET INCREASE/ (DECREASE) IN CASH HELD	**8 737**	**20 470**	**37 458**	**(23 242)**	**(10 888)**	**(23 800)**	**(9 402)**	**(13 582)**
Cash/cash equivalents at the year begin:	**154 253**	**162 990**	**183 460**	**151 369**	**220 917**	**210 029**	**186 229**	**176 827**
Cash/cash equivalents at the year end:	**162 990**	**183 460**	**220 917**	**128 127**	**210 029**	**186 229**	**176 827**	**163 245**

1.12.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available								
Cash/cash equivalents at the year end	162 990	183 460	220 917	128 127	210 029	186 229	176 827	163 245
Cash and investments available:	**162 990**	**183 460**	**220 917**	**128 127**	**210 029**	**186 229**	**176 827**	**163 245**
Application of cash and investments								
Unspent conditional transfers	11 301	16 762	11 144	–	–	–	–	–
Other working capital requirements	(4 537)	(5 285)	(7 437)	(15 157)	(5 113)	(4 092)	(4 373)	(4 805)
Reserves to be backed by cash/investments	–	–	155 177	105 756	165 153	155 495	164 977	166 947
Total Application of cash and investments:	**6 764**	**11 477**	**158 885**	**90 599**	**160 039**	**151 403**	**160 604**	**162 142**
Surplus(shortfall)	**156 226**	**171 983**	**62 033**	**37 528**	**49 990**	**34 826**	**16 223**	**1 102**

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 10 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

1.12.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	162 990	183 460	220 917	128 127	210 029	186 229	176 827	163 245
Cash + investments at the yr end less applications - R'000	18(1)b	156 226	171 983	62 033	37 528	49 990	34 826	16 223	1 102
Cash year end/monthly employee/supplier payments	18(1)b	19.7	19.8	19.7	9.4	15.2	12.8	11.5	10.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	56 437	48 089	69 818	33 147	24 350	28 204	16 652	10 329
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	4.9%	(1.1%)	11.4%	(6.3%)	(3.1%)	(5.0%)	(5.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	87.8%	73.3%	78.9%	80.8%	97.1%	86.0%	85.1%	84.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	16.7%	13.4%	11.9%	11.2%	11.2%	11.6%	12.2%	12.8%
Capital payments % of capital expenditure	18(1)c;19	100.1%	102.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a						100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	9.1%	11.2%	41.5%	(41.0%)	6.0%	7.1%	7.9%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.6%	1.6%	2.2%	1.7%	1.8%	2.2%	2.2%	2.2%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	30.8%	30.4%	31.5%	18.5%	5.8%	0.0%

1.12.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R168,23 million, R176,83 million and R163,25 million for each respective financial year.

1.12.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is, at 12.8, well above the benchmark indicators.

1.12.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF the indicative outcome is a surplus of R28,2 million, R16,6 million and R10,3 million.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

1.12.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

1.12.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.12.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.12.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

1.12.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.

1.12.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.13 Expenditure on grants and reconciliations of unspent funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:								
Operating expenditure of Transfers and Grants								
National Government:	**109 118**	**120 890**	**146 723**	**132 924**	**132 924**	**138 020**	**139 800**	**142 275**
Local Government Equitable Share	93 052	104 535	135 985	123 344	123 344	126 153	129 029	130 058
Finance Management	1 550	1 600	1 600	1 625	1 625	1 700	1 700	1 700
Nat Gov: Councillor Remuneration	5 081	6 407	–	6 458	6 458	6 675	7 009	7 344
Municipal Systems Improvement	890	934	930	–	–	–	–	1 000
Municipal Infrastructure Grant (MIG)	6 385	5 184	6 149	–	–	1 956	2 062	2 173
Dept Sport & Recreation	–	254	–	–	–	–	–	–
Nat Gov: EPWP Incentive Grant	2 160	1 976	2 059	1 497	1 497	1 536	–	–
Provincial Government:	**2 409**	**3 468**	**2 429**	**1 200**	**1 500**	**1 500**	**1 500**	**1 500**
Prov Gov: Housing - Hillside 1 000	221	–	–	–	–	–	–	–
Clean Audit	110	360	–	–	–	–	–	–
Libraries	1 200	1 200	1 200	1 200	1 500	1 500	1 500	1 500
DEDEAT - Alien Vegetation	878	1 908	1 229	–	–	–	–	–
Total operating expenditure of Transfers and Grants:	**111 527**	**124 358**	**149 152**	**134 124**	**134 424**	**139 520**	**141 300**	**143 775**
Capital expenditure of Transfers and Grants								
National Government:	**35 686**	**27 636**	**31 956**	**39 728**	**39 728**	**42 159**	**39 169**	**41 289**
Municipal Infrastructure Grant (MIG)	34 288	24 825	31 956	36 728	36 728	37 159	39 169	41 289
Dept Sport & Recreation	1 398	2 811	–	–	–	–	–	–
National Department of Energy	–	–	–	3 000	3 000	5 000	–	–
Provincial Government:	**–**	**–**	**–**	**6 000**	**–**	**–**	**–**	**–**
Provincial Public Works Roads Infrastructure	–	–	–	6 000	–	–	–	–
Total capital expenditure of Transfers and Grants	**35 686**	**27 636**	**31 956**	**45 728**	**39 728**	**42 159**	**39 169**	**41 289**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**147 213**	**151 994**	**181 108**	**179 852**	**174 152**	**181 679**	**180 468**	**185 064**

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:								
National Government:								
Balance unspent at beginning of the year	213	3 646	–	–	–	–	–	–
Current year receipts	104 331	117 244	142 237	132 924	132 924	138 020	139 800	142 275
Conditions met - transferred to revenue	**109 118**	**120 890**	**142 237**	**132 924**	**132 924**	**138 020**	**139 800**	**142 275**
Conditions still to be met - transferred to liabilities	(4 574)	–	–	–	–	–	–	–
Provincial Government:								
Balance unspent at beginning of the year	400	1 005	1 229	–	–	–	–	–
Current year receipts	3 193	3 693	1 200	1 200	1 500	1 500	1 500	1 500
Conditions met - transferred to revenue	**2 409**	**3 468**	**2 429**	**1 200**	**1 500**	**1 500**	**1 500**	**1 500**
Conditions still to be met - transferred to liabilities	1 184	1 229	–	–	–	–	–	–
Total operating transfers and grants revenue	**111 527**	**124 358**	**144 667**	**134 124**	**134 424**	**139 520**	**141 300**	**143 775**
Total operating transfers and grants - CTBM	**(3 390)**	**1 229**	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:								
National Government:								
Balance unspent at beginning of the year	11 734	(4 632)	357	–	–	–	–	–
Current year receipts	27 753	37 111	31 599	39 728	39 728	42 159	39 169	41 289
Conditions met - transferred to revenue	**35 686**	**27 636**	**31 956**	**39 728**	**39 728**	**42 159**	**39 169**	**41 289**
Conditions still to be met - transferred to liabilities	3 801	4 843	–	–	–	–	–	–
Provincial Government:								
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–
Current year receipts	–	–	–	6 000	–	–	–	–
Conditions met - transferred to revenue	**–**	**–**	**–**	**6 000**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue	**35 686**	**27 636**	**31 956**	**45 728**	**39 728**	**42 159**	**39 169**	**41 289**
Total capital transfers and grants - CTBM	**3 801**	**4 843**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE	**147 213**	**151 994**	**176 622**	**179 852**	**174 152**	**181 679**	**180 468**	**185 064**
TOTAL TRANSFERS AND GRANTS - CTBM	**411**	**6 072**	**–**	**–**	**–**	**–**	**–**	**–**

1.14 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Table 41 Allocations and Grants made by the municipality

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Transfers to Organisations								
Grants and donations in aid	111	480	–	–	–	–	–	–
Total Cash Transfers To Organisations	**111**	**480**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL CASH TRANSFERS AND GRANTS	**111**	**480**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS	**111**	**480**	**–**	**–**	**–**	**–**	**–**	**–**

1.15 Councilor and employee benefits

Table 42 MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	6 525	7 016	9 983	11 257	11 257	12 045	12 767	13 533
Cellphone Allowance	497	772	902	1 055	1 055	1 129	1 197	1 269
Other benefits and allowances	2 557	2 611	179	238	238	254	270	286
Sub Total - Councillors	**9 580**	**10 399**	**11 064**	**12 550**	**12 550**	**13 428**	**14 234**	**15 088**
% increase		**8.5%**	**6.4%**	**13.4%**	**(0.0%)**	**7.0%**	**6.0%**	**6.0%**
Senior Managers of the Municipality								
Basic Salaries and Wages	6 357	6 811	7 264	8 292	8 852	9 472	10 040	10 642
Pension and UIF Contributions	11	11	2	95	95	102	108	115
Performance Bonus	1 872	1 271	1 416	1 594	1 594	1 705	1 808	1 916
Motor Vehicle Allowance	320	320	300	–	–	–	–	–
Cellphone Allowance	84	84	84	97	97	104	110	117
Sub Total - Senior Managers of Municipality	**8 644**	**8 497**	**9 065**	**10 078**	**10 639**	**11 383**	**12 066**	**12 790**
% increase		**(1.7%)**	**6.7%**	**11.2%**	**5.6%**	**7.0%**	**6.0%**	**6.0%**
Other Municipal Staff								
Basic Salaries and Wages	26 755	30 334	40 100	41 698	44 603	50 234	52 745	55 382
Pension and UIF Contributions	4 163	4 941	6 271	7 637	7 657	8 040	8 443	8 865
Medical Aid Contributions	1 786	2 117	2 785	4 943	4 943	5 191	5 450	5 723
Overtime	719	1 004	1	–	217	228	239	251
Performance Bonus	2 008	2 928	639	5 225	1 739	1 826	1 917	2 013
Cellphone Allowance	208	273	314	453	453	475	499	524
Housing Allowances	15	15	226	190	190	199	209	219
Other benefits and allowances	670	606	216	1 428	1 428	1 499	1 574	1 653
Payments in lieu of leave	1 497	1 610	1 222	–	–	–	–	–
Long service awards	256	262	315	306	250	263	276	290
Post-retirement benefit obligations	1 679	1 908	1 205	2 303	1 541	1 618	1 699	1 784
Sub Total - Other Municipal Staff	**39 756**	**45 999**	**53 294**	**64 181**	**63 022**	**69 573**	**73 052**	**76 705**
% increase		**15.7%**	**15.9%**	**20.4%**	**(1.8%)**	**10.4%**	**5.0%**	**5.0%**
Total Parent Municipality	**57 980**	**64 895**	**73 422**	**86 810**	**86 210**	**94 385**	**99 353**	**104 583**
		11.9%	**13.1%**	**18.2%**	**(0.7%)**	**9.5%**	**5.3%**	**5.3%**
TOTAL SALARY, ALLOWANCES & BENEFITS	**57 980**	**64 895**	**73 422**	**86 810**	**86 210**	**94 385**	**99 353**	**104 583**
% increase		**11.9%**	**13.1%**	**18.2%**	**(0.7%)**	**9.5%**	**5.3%**	**5.3%**
TOTAL MANAGERS AND STAFF	**48 400**	**54 496**	**62 358**	**74 260**	**73 660**	**80 957**	**85 119**	**89 496**

Table 43 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Councillors						
Speaker	679 560	–	83 188	–	–	762 748
Chief Whip	352 922	–	48 987	–	–	401 910
Executive Mayor	921 484	–	47 020	–	–	968 504
Executive Committee	1 827 716	–	205 332	–	–	2 033 048
Total for all other councillors	8 263 032	–	999 006	–	–	9 262 038
Total Councillors	**12 044 714**	**–**	**1 383 534**			**13 428 248**
Senior Managers of the Municipality						
Municipal Manager (MM)	1 887 635	2 044	29 767	364 306	–	2 283 752
Chief Finance Officer	1 585 516	20 016	14 884	304 073	–	1 924 489
Technical Services	1 704 950	22 017	16 374	326 928	–	2 070 269
Community and Social Services	1 378 653	18 008	13 402	206 795	–	1 616 858
Corporate and Support Services	1 515 835	20 015	14 887	234 629	–	1 785 366
Development and Town Planning Services	1 399 049	20 017	14 884	268 646	–	1 702 596
						–
Total Senior Managers of the Municipality	**9 471 638**	**102 117**	**104 198**	**1 705 377**		**11 383 330**
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	**21 516 352**	**102 117**	**1 487 732**	**1 705 377**		**24 811 578**

Table 44 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)			37			37	34	–	34
Municipal employees									
Municipal Manager and Senior Managers			6			6	6	–	5
Other Managers		13	2		13	2	18	16	2
Professionals	–	*37*	–	–	*37*	–	*35*	*35*	–
Finance		5			5		13	13	–
Spatial/town planning		1			1		1	1	–
Information Technology		1			1		2	2	–
Roads		1			1		1	1	–
Electricity							1	1	–
Refuse		6			6		–	–	–
Other		23			23		17	17	–
Technicians	–	*5*	*9*	–	*5*	*9*	*8*	*8*	–
Finance			9			9	–	–	–
Electricity		3			3		2	2	–
Refuse							4	4	–
Other		2			2		2	2	–
Clerks (Clerical and administrative)		49			49		82	82	–
Service and sales workers		7			7		7	7	–
Plant and Machine Operators		23			23		21	21	–
Elementary Occupations		87			87		77	77	–
TOTAL PERSONNEL NUMBERS	**–**	**221**	**54**	**–**	**221**	**54**	**288**	**246**	**41**
% increase				–	–	–	–	11.3%	(24.1%)
Total municipal employees headcount									
Finance personnel headcount		**35**	**9**		**35**	**9**			
Human Resources personnel headcount		**5**			**5**				

1.16 Monthly targets for revenue, expenditure and cash flow

Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source															
Property rates	6 340	134	136	176	120	152	97	89	105	89	137	112	7 686	8 147	8 635
Service charges - electricity revenue	1 480	1 426	1 441	1 524	1 418	1 503	3 858	3 858	3 858	3 858	3 858	3 858	31 942	31 697	31 433
Service charges - refuse revenue	267	269	268	270	270	270	264	264	264	264	264	264	3 199	3 391	3 595
Rental of facilities and equipment	6	16	1	2	2	2	67	67	67	67	67	67	429	455	482
Interest earned - external investments	1 480	1 576	1 627	1 544	1 517	1 679	726	726	726	726	726	726	13 780	14 607	15 483
Interest earned - outstanding debtors	232	239	249	247	250	256	18	18	18	18	18	18	1 579	1 674	1 775
Fines, penalties and forfeits	11	28	16	23	12	8	70	70	70	70	70	70	516	546	579
Licences and permits	116	103	99	109	120	83	150	150	150	150	150	150	1 532	1 624	1 721
Agency services	61	62	68	95	77	50	64	64	64	64	64	64	795	843	893
Transfers and subsidies	54 566	3 144	1 260	–	607	38 818	–	–	41 126	–	–	–	139 520	141 300	143 775
Other revenue	437	384	398	388	439	467	402	402	402	402	402	402	4 924	5 220	5 533
Total Revenue (excluding capital transfers and contributions)	**64 995**	**7 379**	**5 563**	**4 379**	**4 831**	**43 288**	**5 715**	**5 707**	**46 849**	**5 707**	**5 755**	**5 731**	**205 902**	**209 503**	**213 905**
Expenditure By Type															
Employee related costs	5 335	5 401	5 452	5 454	7 962	5 299	7 676	7 676	7 676	7 676	7 676	7 676	80 957	85 119	89 496
Remuneration of councillors	978	845	879	879	879	889	1 346	1 346	1 346	1 346	1 346	1 346	13 428	14 234	15 088
Debt impairment	–	–	–	–	–	2 491	–	–	–	–	–	2 491	4 983	5 281	5 598
Depreciation & asset impairment	–	–	13	–	–	9 019	–	–	–	–	–	11 983	21 016	22 271	23 601
Finance charges	–	–	616	–	–	849	–	–	505	–	–	849	2 818	2 987	3 166
Bulk purchases	3 284	3 728	2 982	1 761	1 707	1 657	3 030	3 030	3 030	3 030	3 030	3 030	33 301	35 299	37 417
Other materials	260	236	607	613	762	442	207	1 157	219	1 157	219	1 157	7 035	7 414	7 813
Contracted services	843	734	2 232	1 849	781	1 786	597	4 617	602	4 620	597	4 597	23 855	25 137	26 490
Other expenditure	1 129	958	2 091	3 467	1 548	1 809	1 315	5 143	2 571	5 143	2 119	5 174	32 465	34 277	36 196
Total Expenditure	**11 829**	**11 902**	**14 872**	**14 022**	**13 639**	**24 242**	**14 171**	**22 970**	**15 949**	**22 972**	**14 987**	**38 303**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit)	**53 167**	**(4 522)**	**(9 309)**	**(9 644)**	**(8 808)**	**19 046**	**(8 456)**	**(17 262)**	**30 900**	**(17 264)**	**(9 232)**	**(32 572)**	**(13 955)**	**(22 517)**	**(30 960)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	3 164	4 831	1 667	4 831	3 164	3 164	–	2 354	6 328	6 328	6 328	42 159	39 169	41 289
Surplus/(Deficit)	**53 167**	**(1 358)**	**(4 478)**	**(7 977)**	**(3 978)**	**22 210**	**(5 292)**	**(17 262)**	**33 255**	**(10 936)**	**(2 903)**	**(26 244)**	**28 204**	**16 652**	**10 329**

Table 46 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote															
Vote 1 - Executive & Council	5 855	–	820	–	–	–	–	–	–	–	–	–	6 675	7 009	7 344
Vote 2 - Planning & Development	7	3	5	4	4	1	2	2	1 958	2	2	2	1 992	2 100	2 214
Vote 3 - Corporate Services	94	32	53	30	70	82	12	12	12	12	12	12	433	459	486
Vote 4 - Budget & Treasury	31 361	3 273	2 038	1 788	1 726	39 180	842	834	15 779	834	881	857	99 394	102 439	105 456
Vote 5 - Road Transport	177	3 685	3 392	226	3 984	3 303	3 488	324	3 223	6 652	6 652	6 652	41 756	42 413	44 728
Vote 9 - Community & Social Services	16	1 334	190	7	4	3	8	8	8	8	8	8	1 601	1 607	1 613
Vote 11 - Public Safety	331	338	334	338	330	382	404	404	404	404	404	404	4 477	4 746	5 031
Vote 12 - Electricity	1 609	1 563	3 244	3 331	3 220	3 175	3 860	3 860	27 555	3 860	3 860	3 860	62 996	58 376	58 370
Vote 13 - Waste Management	25 546	315	319	322	324	325	264	264	264	264	264	264	28 737	29 523	29 952
Total Revenue by Vote	**64 995**	**10 543**	**10 394**	**6 046**	**9 662**	**46 452**	**8 880**	**5 707**	**49 204**	**12 036**	**12 084**	**12 059**	**248 061**	**248 672**	**255 194**
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	1 643	1 462	2 090	2 622	1 526	2 372	2 284	3 534	2 381	3 534	2 381	4 142	29 970	31 663	33 452
Vote 2 - Planning & Development	819	907	1 043	1 025	875	982	1 421	2 608	1 596	2 610	1 592	2 974	18 450	19 426	20 454
Vote 3 - Corporate Services	1 438	1 359	2 257	2 475	1 288	2 283	1 580	3 920	2 420	3 920	1 730	4 579	29 250	30 858	32 555
Vote 4 - Budget & Treasury	1 370	1 120	2 434	1 940	4 002	2 953	1 353	3 429	1 491	3 429	1 491	5 169	30 180	31 774	33 458
Vote 5 - Road Transport	758	756	932	995	821	6 829	1 005	1 479	1 085	1 479	1 067	7 861	25 067	26 474	27 960
Vote 6 - Waste Water Management	231	83	82	81	139	818	87	93	87	93	87	749	2 630	2 783	2 945
Vote 9 - Community & Social Services	537	394	470	525	493	924	640	967	696	967	698	1 385	8 696	9 157	9 642
Vote 10 - Sport & Recreation	34	72	95	110	104	96	83	88	83	88	83	615	1 552	1 637	1 727
Vote 11 - Public Safety	532	700	719	925	835	791	922	922	973	922	973	946	10 160	10 709	11 287
Vote 12 - Electricity	3 668	4 174	3 787	2 349	2 638	3 735	3 518	4 094	3 808	4 094	3 556	6 226	45 648	48 323	51 155
Vote 13 - Waste Management	800	875	963	975	919	2 460	1 278	1 834	1 330	1 834	1 330	3 656	18 253	19 217	20 231
Total Expenditure by Vote	**11 829**	**11 902**	**14 872**	**14 022**	**13 639**	**24 242**	**14 171**	**22 970**	**15 949**	**22 972**	**14 987**	**38 303**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit)	**53 167**	**(1 358)**	**(4 478)**	**(7 977)**	**(3 978)**	**22 210**	**(5 292)**	**(17 262)**	**33 255**	**(10 936)**	**(2 903)**	**(26 244)**	**28 204**	**16 652**	**10 329**

Table 47 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional															
Governance and administration	**37 222**	**3 306**	**2 856**	**1 818**	**1 796**	**39 256**	**843**	**835**	**15 781**	**835**	**883**	**859**	**106 290**	**109 683**	**113 048**
Executive and council	5 855	–	820	–	–	–	–	–	–	–	–	–	6 675	7 009	7 344
Finance and administration	31 366	3 306	2 036	1 818	1 796	39 256	843	835	15 781	835	883	859	99 615	102 674	105 704
Community and public safety	**346**	**1 671**	**523**	**343**	**333**	**385**	**411**	**411**	**411**	**411**	**411**	**411**	**6 068**	**6 342**	**6 632**
Community and social services	15	1 333	189	6	4	2	7	7	7	7	7	7	1 590	1 596	1 601
Public safety	331	338	334	338	330	382	404	404	404	404	404	404	4 477	4 746	5 031
Economic and environmental services	**272**	**3 688**	**3 451**	**230**	**3 988**	**3 310**	**3 500**	**336**	**5 192**	**6 664**	**6 664**	**6 664**	**43 960**	**44 737**	**47 180**
Planning and development	96	3	60	4	4	7	12	12	1 968	12	12	12	2 204	2 324	2 452
Road transport	177	3 685	3 392	226	3 984	3 303	3 488	324	3 223	6 652	6 652	6 652	41 756	42 413	44 728
Trading services	**27 155**	**1 878**	**3 563**	**3 653**	**3 543**	**3 500**	**4 124**	**4 124**	**27 819**	**4 124**	**4 124**	**4 124**	**91 734**	**87 899**	**88 322**
Energy sources	1 609	1 563	3 244	3 331	3 220	3 175	3 860	3 860	27 555	3 860	3 860	3 860	62 996	58 376	58 370
Waste management	25 546	315	319	322	324	325	264	264	264	264	264	264	28 737	29 523	29 952
Other	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**11**	**11**	**12**
Total Revenue - Functional	**64 995**	**10 543**	**10 394**	**6 046**	**9 662**	**46 452**	**8 880**	**5 707**	**49 204**	**12 036**	**12 084**	**12 059**	**248 061**	**248 672**	**255 194**
Expenditure - Functional															
Governance and administration	**4 587**	**4 001**	**6 828**	**7 089**	**6 862**	**7 653**	**5 300**	**10 966**	**6 455**	**10 966**	**5 765**	**13 985**	**90 456**	**95 407**	**100 635**
Executive and council	1 505	1 346	1 941	2 474	1 412	2 272	2 101	3 072	2 153	3 072	2 153	3 641	27 141	28 692	30 333
Finance and administration	2 944	2 539	4 737	4 466	5 337	5 282	3 016	7 432	4 074	7 432	3 384	9 843	60 486	63 744	67 184
Internal audit	138	115	149	149	114	99	183	462	227	462	227	502	2 829	2 970	3 119
Community and public safety	**1 082**	**1 127**	**1 246**	**1 515**	**1 362**	**1 772**	**1 569**	**1 902**	**1 653**	**1 902**	**1 655**	**2 870**	**19 654**	**20 707**	**21 816**
Community and social services	516	355	431	480	423	885	564	892	596	892	598	1 309	7 942	8 361	8 803
Sport and recreation	34	72	95	110	104	96	83	88	83	88	83	615	1 552	1 637	1 727
Public safety	532	700	719	925	835	791	922	922	973	922	973	946	10 160	10 709	11 287
Economic and environmental services	**1 417**	**1 574**	**1 865**	**1 913**	**1 632**	**7 728**	**2 285**	**3 805**	**2 432**	**3 807**	**2 415**	**10 494**	**41 365**	**43 636**	**46 032**
Planning and development	658	809	925	909	790	889	1 259	2 305	1 325	2 307	1 327	2 611	16 116	16 969	17 868
Road transport	758	756	932	995	821	6 829	1 005	1 479	1 085	1 479	1 067	7 861	25 067	26 474	27 960
Environmental protection	–	9	9	9	21	9	21	21	21	21	21	21	182	193	205
Trading services	**4 699**	**5 132**	**4 833**	**3 406**	**3 696**	**7 013**	**4 883**	**6 022**	**5 224**	**6 022**	**4 972**	**10 631**	**66 531**	**70 323**	**74 332**
Energy sources	3 668	4 174	3 787	2 349	2 638	3 735	3 518	4 094	3 808	4 094	3 556	6 226	45 648	48 323	51 155
Waste water management	231	83	82	81	139	818	87	93	87	93	87	749	2 630	2 783	2 945
Waste management	800	875	963	975	919	2 460	1 278	1 834	1 330	1 834	1 330	3 656	18 253	19 217	20 231
Other	**44**	**68**	**101**	**100**	**87**	**76**	**134**	**275**	**186**	**275**	**181**	**323**	**1 850**	**1 948**	**2 050**
Total Expenditure - Functional	**11 829**	**11 902**	**14 872**	**14 022**	**13 639**	**24 242**	**14 171**	**22 970**	**15 949**	**22 972**	**14 987**	**38 303**	**219 857**	**232 020**	**244 865**
Surplus/(Deficit)	**53 167**	**(1 358)**	**(4 478)**	**(7 977)**	**(3 978)**	**22 210**	**(5 292)**	**(17 262)**	**33 255**	**(10 936)**	**(2 903)**	**(26 244)**	**28 204**	**16 652**	**10 329**

Table 48 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure *to be appropriated*															
Vote 3 - Corporate Services	–	–	–	23	–	–	–	–	–	3 326	3 326	3 326	10 000	3 000	–
Vote 5 - Road Transport	3 387	3 124	3 387	3 124	3 387	4 174	3 387	1 000	1 263	1 363	263	1 363	29 221	24 730	44 962
Vote 9 - Community & Social Services	259	171	259	171	259	171	259	–	88	338	338	338	2 650	4 000	2 000
Vote 10 - Sport & Recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	8 000	–
Vote 11 - Public Safety	–	–	–	–	–	160	–	160	160	160	–	160	800	1 200	2 000
Vote 12 - Electricity	625	333	625	333	625	333	625	333	625	958	625	958	7 000	2 500	1 800
Vote 13 - Waste Management	707	–	707	–	707	–	707	125	707	1 032	832	1 032	6 557	4 600	–
Capital multi-year expenditure sub-total	**4 978**	**3 629**	**4 978**	**3 652**	**4 978**	**4 839**	**4 978**	**1 618**	**2 842**	**7 176**	**5 383**	**7 176**	**56 227**	**48 030**	**50 762**
Single-year expenditure *to be appropriated*															
Vote 1 - Executive & Council	–	–	1 500	–	–	–	–	–	–	–	–	–	1 500	–	–
Vote 2 - Planning & Development	–	–	20	–	–	–	–	–	–	–	–	–	20	3 000	–
Vote 4 - Budget & Treasury	217	–	83	–	63	–	63	–	235	63	235	63	1 020	380	–
Vote 5 - Road Transport	–	–	2 060	–	–	–	–	–	–	–	–	–	2 060	–	–
Vote 11 - Public Safety	281	–	681	–	281	–	281	–	281	281	281	281	2 646	–	–
Vote 12 - Electricity	–	–	80	–	–	–	–	–	–	–	–	–	80	–	–
Vote 13 - Waste Management	957	–	1 047	–	957	–	957	1 000	957	1 957	1 957	1 957	11 750	–	–
Capital single-year expenditure sub-total	**1 456**	**–**	**5 471**	**–**	**1 301**	**–**	**1 301**	**1 000**	**1 473**	**2 301**	**2 473**	**2 301**	**19 076**	**3 380**	**–**
Total Capital Expenditure	**6 434**	**3 629**	**10 449**	**3 652**	**6 279**	**4 839**	**6 279**	**2 618**	**4 315**	**9 477**	**7 856**	**9 477**	**75 303**	**51 410**	**50 762**

Table 49 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional															
Governance and administration	**217**	**–**	**1 583**	**23**	**63**	**–**	**63**	**–**	**235**	**3 388**	**3 561**	**3 388**	**12 520**	**3 380**	**–**
Executive and council	–	–	1 500	–	–	–	–	–	–	–	–	–	1 500	–	–
Finance and administration	217	–	83	23	63	–	63	–	235	3 388	3 561	3 388	11 020	3 380	–
Community and public safety	**540**	**171**	**940**	**171**	**540**	**331**	**540**	**160**	**528**	**778**	**618**	**778**	**6 096**	**13 200**	**4 000**
Community and social services	259	171	259	171	259	171	259	–	88	338	338	338	2 650	4 000	2 000
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	8 000	–
Public safety	281	–	681	–	281	160	281	160	441	441	281	441	3 446	1 200	2 000
Economic and environmental services	**3 387**	**3 124**	**5 467**	**3 124**	**3 387**	**4 174**	**3 387**	**1 000**	**1 263**	**1 363**	**263**	**1 363**	**31 301**	**27 730**	**44 962**
Planning and development	–	–	20	–	–	–	–	–	–	–	–	–	20	3 000	–
Road transport	3 387	3 124	5 447	3 124	3 387	4 174	3 387	1 000	1 263	1 363	263	1 363	31 281	24 730	44 962
Trading services	**2 290**	**333**	**2 460**	**333**	**2 290**	**333**	**2 290**	**1 458**	**2 290**	**3 948**	**3 415**	**3 948**	**25 386**	**7 100**	**1 800**
Energy sources	625	333	705	333	625	333	625	333	625	958	625	958	7 080	2 500	1 800
Waste management	1 665	–	1 755	–	1 665	–	1 665	1 125	1 665	2 990	2 790	2 990	18 306	4 600	–
Total Capital Expenditure - Functional	**6 434**	**3 629**	**10 449**	**3 652**	**6 279**	**4 839**	**6 279**	**2 618**	**4 315**	**9 477**	**7 856**	**9 477**	**75 303**	**51 410**	**50 762**
Funded by:															
National Government	–	3 164	4 831	1 667	4 831	3 164	3 164	–	2 354	6 328	6 328	**6 328**	**42 159**	**39 169**	**41 289**
Transfers recognised - capital	**–**	**3 164**	**4 831**	**1 667**	**4 831**	**3 164**	**3 164**	**–**	**2 354**	**6 328**	**6 328**	**6 328**	**42 159**	**39 169**	**41 289**
Internally generated funds	6 434	465	5 618	1 985	1 448	1 675	3 115	2 618	1 961	3 149	1 528	3 149	33 144	12 242	9 473
Total Capital Funding	**6 434**	**3 629**	**10 449**	**3 652**	**6 279**	**4 839**	**6 279**	**2 618**	**4 315**	**9 477**	**7 856**	**9 477**	**75 303**	**51 410**	**50 762**

Table 50 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source															
Property rates	5 494	116	118	152	104	132	84	77	91	77	118	97	6 660	6 973	7 302
Service charges - electricity revenue	1 282	1 236	1 249	1 321	1 229	1 303	3 343	3 343	3 343	3 343	3 343	3 343	27 679	27 130	26 578
Service charges - refuse revenue	231	233	232	234	234	234	229	229	229	229	229	229	2 772	2 903	3 040
Rental of facilities and equipment	5	14	1	2	2	2	58	58	58	58	58	58	372	389	408
Interest earned - external investments	1 480	1 576	1 627	1 544	1 517	1 679	726	726	726	726	726	726	13 780	14 607	15 483
Interest earned - outstanding debtors	201	207	216	214	216	222	15	15	15	15	15	15	1 369	1 581	1 694
Fines, penalties and forfeits	11	28	16	23	12	8	70	70	70	70	70	70	516	546	579
Licences and permits	116	103	99	109	120	83	150	150	150	150	150	150	1 532	1 624	1 721
Agency services	61	62	68	95	77	50	64	64	64	64	64	64	795	843	893
Transfer receipts - operational	54 566	3 144	1 260	–	607	38 818	–	–	41 126	–	–	–	139 520	141 300	143 775
Other revenue	437	384	398	388	439	467	402	402	402	402	402	402	4 924	5 220	5 533
Cash Receipts by Source	**63 884**	**7 101**	**5 284**	**4 083**	**4 556**	**42 997**	**5 141**	**5 134**	**46 274**	**5 134**	**5 176**	**5 155**	**199 918**	**203 114**	**207 006**
Other Cash Flows by Source															
Transfer receipts - capital	–	3 164	4 831	1 667	4 831	3 164	3 164	–	2 354	6 328	6 328	6 328	42 159	39 169	41 289
Increase (decrease) in consumer deposits	6	6	6	6	6	6	6	6	6	6	6	6	70	74	78
Total Cash Receipts by Source	**63 890**	**10 271**	**10 120**	**5 755**	**9 393**	**46 167**	**8 311**	**5 140**	**48 634**	**11 468**	**17 838**	**5 160**	**242 148**	**242 357**	**248 373**
Cash Payments by Type															
Employee related costs	5 098	5 161	5 210	5 212	7 609	5 063	7 335	7 335	7 335	7 335	7 335	7 335	77 362	81 040	85 029
Remuneration of councillors	978	845	879	879	879	889	1 346	1 346	1 346	1 346	1 346	1 346	13 428	14 234	15 088
Finance charges	–	–	616	–	–	849	–	–	505	–	–	849	2 818	2 987	3 166
Bulk purchases - Electricity	3 283	3 726	2 981	1 760	1 707	1 657	3 029	3 029	3 029	3 029	3 029	3 029	33 289	35 082	37 187
Other materials	256	232	597	604	750	435	204	1 138	215	1 138	215	1 138	6 922	7 269	7 676
Contracted services	843	734	2 231	1 848	780	1 786	597	4 616	602	4 618	597	4 595	23 846	24 983	26 327
Other expenditure	1 118	949	2 071	3 434	1 533	1 791	1 302	5 093	2 546	5 093	2 098	5 124	32 153	33 914	35 866
Cash Payments by Type	**11 575**	**11 647**	**14 585**	**13 736**	**13 258**	**12 470**	**13 813**	**22 558**	**15 579**	**22 560**	**14 621**	**23 416**	**189 817**	**199 508**	**210 338**
Other Cash Flows/Payments by Type															
Capital assets	6 434	3 629	10 449	3 652	6 279	4 839	6 279	2 618	4 315	9 477	7 856	9 477	75 303	51 410	50 762
Repayment of borrowing	–	–	414	–	–	–	–	–	414	–	–	–	827	841	855
Total Cash Payments by Type	**18 009**	**15 276**	**25 447**	**17 387**	**19 536**	**17 309**	**20 092**	**25 176**	**20 308**	**32 037**	**22 477**	**32 893**	**265 948**	**251 759**	**261 955**
NET INCREASE/(DECREASE) IN CASH HELD	**45 882**	**(5 005)**	**(15 327)**	**(11 632)**	**(10 144)**	**28 857**	**(11 781)**	**(20 036)**	**28 326**	**(20 569)**	**(4 639)**	**(27 733)**	**(23 800)**	**(9 402)**	**(13 582)**
Cash/cash equivalents at the month/year begin:	210 029	255 911	250 906	235 579	223 947	213 803	242 660	230 880	210 844	239 170	218 601	213 962	210 029	186 229	176 827
Cash/cash equivalents at the month/year end:	255 911	250 906	235 579	223 947	213 803	242 660	230 880	210 844	239 170	218 601	213 962	186 229	186 229	176 827	163 245

1.17 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 Capital expenditure details

The following five tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.

Table 51 MBRR SA34a - Capital expenditure on new assets by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	**36 896**	**15 921**	**9 115**	**36 755**	**18 417**	**18 417**	**49 807**	**24 730**	**46 762**
Roads Infrastructure	33 158	9 536	5 601	30 388	14 672	14 672	28 991	21 730	44 962
Roads	33 002	7 283	5 137	30 178	14 443	14 443	28 971	21 730	44 962
Road Structures	156	2 253	464	100	119	119	–	–	–
Road Furniture	–	–	–	110	110	110	20	–	–
Storm water Infrastructure	–	3 281	2 501	–	–	–	–	–	–
Storm water Conveyance	–	3 281	2 501	–	–	–	–	–	–
Electrical Infrastructure	791	2 988	675	3 097	2 867	2 867	7 000	2 500	1 800
MV Networks	691	2 610	249	3 097	2 867	2 867	5 000	–	–
LV Networks	100	378	425	–	–	–	2 000	2 500	1 800
Solid Waste Infrastructure	2 947	116	339	3 270	878	878	13 816	500	–
Landfill Sites	2 947	116	339	2 770	378	378	13 316	–	–
Waste Transfer Stations	–	–	–	500	500	500	500	500	–
Community Assets	**6 846**	**11 996**	**13 720**	**7 480**	**11 654**	**11 654**	**4 246**	**16 200**	**4 000**
Community Facilities	4 726	380	12 094	400	3 995	3 995	4 246	8 200	4 000
Halls	2 092	–	7 763	–	1 489	1 489	1 200	–	–
Centres	–	–	–	–	–	–	2 246	400	2 000
Cemeteries/Crematoria	1 689	289	4 232	–	46	46	–	4 000	2 000
Public Open Space	945	91	70	–	1 100	1 100	800	800	–
Stalls	–	–	30	400	1 360	1 360	–	3 000	–
Sport and Recreation Facilities	2 120	11 616	1 626	7 080	7 659	7 659	–	8 000	–
Outdoor Facilities	2 120	11 616	1 626	7 080	7 659	7 659	–	8 000	–
Other assets	**4 275**	**10 802**	**5**	**3 600**	**1 378**	**1 378**	**1 750**	**3 000**	**–**
Operational Buildings	4 275	10 802	5	3 600	1 378	1 378	1 750	3 000	–
Municipal Offices	4 275	10 802	5	–	–	–	250	3 000	–
Yards	–	–	–	3 600	1 378	1 378	1 500	–	–
Intangible Assets	56	–	85	–	90	90	–	–	–
Licences and Rights	56	–	85	–	90	90	–	–	–
Computer Software and Applications	56	–	85	–	90	90	–	–	–
Computer Equipment	–	–	383	1 558	1 713	1 713	500	–	–
Computer Equipment	–	–	383	1 558	1 713	1 713	500	–	–
Furniture and Office Equipment	1 611	2 402	594	1 155	1 155	1 155	–	–	–
Furniture and Office Equipment	1 611	2 402	594	1 155	1 155	1 155	–	–	–
Machinery and Equipment	2 069	1 025	1 075	1 370	1 418	1 418	2 050	–	–
Machinery and Equipment	2 069	1 025	1 075	1 370	1 418	1 418	2 050	–	–
Transport Assets	948	4 929	1 937	670	727	727	2 100	380	–
Transport Assets	948	4 929	1 937	670	727	727	2 100	380	–
Total Capital Expenditure on new assets	**52 701**	**47 075**	**26 914**	**52 588**	**36 551**	**36 551**	**60 453**	**44 310**	**50 762**

Table 52 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure	–	–	**11 014**	**6 865**	**11 170**	**4 000**	–	–
Roads Infrastructure	–	–	7 824	2 200	5 865	–	–	–
Roads	–	–	7 824	–	5 665	–	–	–
Road Structures	–	–	–	2 200	200	–	–	–
Storm water Infrastructure	–	–	1 352	–	–	–	–	–
Storm water Conveyance	–	–	1 352	–	–	–	–	–
Electrical Infrastructure	–	–	1 675	3 665	4 305	–	–	–
MV Networks	–	–	93	171	401	–	–	–
LV Networks	–	–	1 582	3 494	3 904	–	–	–
Solid Waste Infrastructure	–	–	163	1 000	1 000	4 000	–	–
Landfill Sites	–	–	163	1 000	1 000	4 000	–	–
Community Assets	–	–	**126**	**5 100**	**3 586**	**1 450**	–	–
Community Facilities	–	–	126	4 300	2 786	1 450	–	–
Halls	–	–	126	3 800	2 250	750	–	–
Cemeteries/Crematoria	–	–	–	300	336	700	–	–
Public Open Space	–	–	–	200	200	–	–	–
Sport and Recreation Facilities	–	–	–	800	800	–	–	–
Outdoor Facilities	–	–	–	800	800	–	–	–
Other assets	–	–	**831**	**11 025**	**2 025**	**8 500**	**3 000**	–
Operational Buildings	–	–	831	11 025	2 025	8 500	3 000	–
Municipal Offices	–	–	831	10 525	1 825	8 500	3 000	–
Yards	–	–	–	500	200	–	–	–
Total Capital Expenditure on renewal of existing assets	–	–	**11 971**	**22 990**	**16 781**	**13 950**	**3 000**	–

Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	**1 302**	**2 048**	**2 304**	**2 289**	**1 828**	**1 828**	**2 878**	**3 022**	**3 173**
Roads Infrastructure	83	871	1 405	1 006	1 223	1 223	1 348	1 415	1 486
Roads	83	833	1 405	1 006	1 223	1 223	1 348	1 415	1 486
Road Furniture	–	38	–	–	–	–	–	–	–
Storm water Infrastructure	27	–	24	20	20	20	21	22	23
Storm water Conveyance	27	–	24	20	20	20	21	22	23
Electrical Infrastructure	1 192	1 177	831	1 173	543	543	1 347	1 415	1 485
MV Networks	956	1 176	253	325	305	305	320	336	353
LV Networks	236	2	578	848	238	238	1 027	1 079	1 132
Solid Waste Infrastructure	–	–	44	90	42	42	162	170	179
Landfill Sites	–	–	44	90	42	42	56	59	62
Waste Transfer Stations	–	–	–	–	–	–	106	111	117
Community Assets	**392**	**480**	**592**	**1 326**	**1 208**	**1 208**	**1 313**	**1 380**	**1 450**
Community Facilities	357	444	535	1 326	1 208	1 208	1 279	1 343	1 411
Halls	136	311	416	457	359	359	442	465	489
Libraries	–	–	2	–	–	–	3	3	4
Cemeteries/Crematoria	–	–	113	816	816	816	822	863	906
Public Open Space	221	133	4	54	33	33	11	11	12
Sport and Recreation Facilities	35	36	58	–	–	–	35	37	38
Outdoor Facilities	35	36	58	–	–	–	35	37	38
Other assets	**237**	**487**	**685**	**186**	**186**	**186**	**601**	**631**	**663**
Operational Buildings	237	487	685	186	186	186	601	631	663
Municipal Offices	237	487	432	186	186	186	453	476	500
Stores	–	–	253	–	–	–	148	155	163
Furniture and Office Equipment	29	6	482	34	11	11	463	486	511
Furniture and Office Equipment	29	6	482	34	11	11	463	486	511
Machinery and Equipment	606	189	996	639	880	880	1 247	1 312	1 380
Machinery and Equipment	606	189	996	639	880	880	1 247	1 312	1 380
Transport Assets	1 191	1 404	1 720	2 061	1 970	1 970	2 201	2 312	2 429
Transport Assets	1 191	1 404	1 720	2 061	1 970	1 970	2 201	2 312	2 429
Total Repairs and Maintenance Expenditure	**3 758**	**4 613**	**6 780**	**6 535**	**6 083**	**6 083**	**8 704**	**9 144**	**9 606**

Table 54 MBRR SA34d - Depreciation by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation by Asset Class/Sub-class									
Infrastructure	**7 571**	**6 775**	**10 633**	**11 880**	**11 669**	**11 669**	**12 073**	**12 797**	**13 565**
Roads Infrastructure	5 944	5 005	8 828	9 803	9 658	9 658	9 921	10 516	11 147
Roads	5 944	5 005	8 652	9 803	9 272	9 272	9 921	10 516	11 147
Road Structures	–	–	29	–	386	386	–	–	–
Road Furniture	–	–	148	–	–	–	–	–	–
Storm water Infrastructure	1 014	1 097	1 240	1 431	1 300	1 300	1 390	1 474	1 562
Storm water Conveyance	1 014	1 097	1 240	1 431	1 300	1 300	1 390	1 474	1 562
Electrical Infrastructure	310	327	342	460	446	446	478	506	537
MV Networks	216	228	238	394	327	327	350	370	393
LV Networks	93	99	103	66	120	120	128	136	144
Solid Waste Infrastructure	303	347	223	186	265	265	283	300	318
Landfill Sites	303	347	223	186	265	265	283	300	318
Community Assets	**323**	**960**	**1 328**	**453**	**1 009**	**1 009**	**1 675**	**1 776**	**1 882**
Community Facilities	278	736	802	453	528	528	1 161	1 231	1 305
Halls	–	–	–	453	483	483	517	548	581
Cemeteries/Crematoria	11	47	112	–	–	–	183	194	205
Public Open Space	5	42	44	–	45	45	48	51	54
Public Ablution Facilities	261	261	261	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	1	386	386	–	–	–	413	438	464
Sport and Recreation Facilities	44	224	526	–	481	481	514	545	578
Outdoor Facilities	44	224	526	–	481	481	514	545	578
Other assets	**524**	**613**	**628**	**33**	**869**	**869**	**747**	**792**	**839**
Operational Buildings	524	613	628	33	869	869	747	792	839
Municipal Offices	524	613	628	33	869	869	747	792	839
Intangible Assets	75	68	68	122	80	80	65	70	76
Licences and Rights	75	68	68	122	80	80	65	70	76
Computer Software and Applications	75	68	68	122	80	80	65	70	76
Computer Equipment	377	482	621	1 271	666	666	732	774	819
Computer Equipment	377	482	621	1 271	666	666	732	774	819
Furniture and Office Equipment	472	639	768	1 061	846	846	902	955	1 011
Furniture and Office Equipment	472	639	768	1 061	846	846	902	955	1 011
Machinery and Equipment	1 573	2 020	2 262	2 718	2 306	2 306	2 467	2 615	2 772
Machinery and Equipment	1 573	2 020	2 262	2 718	2 306	2 306	2 467	2 615	2 772
Transport Assets	879	1 623	2 044	1 506	2 207	2 207	2 354	2 491	2 637
Transport Assets	879	1 623	2 044	1 506	2 207	2 207	2 354	2 491	2 637
Total Depreciation	**11 794**	**13 180**	**18 352**	**19 045**	**19 652**	**19 652**	**21 016**	**22 271**	**23 601**

Table 55 MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	–	–	–	–	–	–	**400**	**4 100**	–
Solid Waste Infrastructure	–	–	–	–	–	–	400	4 100	–
Landfill Sites	–	–	–	–	–	–	400	4 100	–
Other assets	–	–	–	–	–	–	**500**	–	–
Operational Buildings	–	–	–	–	–	–	500	–	–
Stores	–	–	–	–	–	–	500	–	–
Total Capital Expenditure on upgrading of existing assets	–	–	–	–	–	–	**900**	**4 100**	–

Table 56 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 57 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

Table 58 MBRR SA37 - Projects delayed from previous financial year/s

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

Table 59 MBRR SA38 - Consolidated detailed operational projects

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.

1.19 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed seven interns undergoing training in various divisions of the Financial Services Department, risk management and Internal audit unit. Previous Interns employed permanently by Senqu Municipality are Miss Zanele Gqokonqana (Cashier), Miss Nolitha Makaba (Senior Officer: Budgeting), Miss Bongiwe Masawe (Stores Officer), Mr Tshepo Belebesi (Asset & Disposal Officer), Mr. M. Mvumvu (Demand Officer), Miss.W. Sontshi (Budget and Treasury Clerk), Miss Zimkitha Milli (SCM: Contract Vendor and Performance Officer), Mr Elgardo Fortuin (Risk Officer). Since the introduction of the Internship programme the Municipality has successfully employed and trained more than 40 financial management interns through this programme and a majority of them were appointed either in this Municipality or other Municipalities or other Institutions such as KPMG, Ernest &Young, SARS, Auditor General, National Treasury.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies
   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

1.20 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.

1.21 Service Delivery Standards

Below is the Schedule of Service Delivery Standards for Senqu Municipality.

Table 60 Schedule of Service Delivery Standards

Description	Ref	Year C-2	Year C-1	Year C-0	Current year			
Standard		Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Service Level
Solid Waste Removal								
Premise based removal (Residential Frequency)								
Premise based removal (Business Frequency)								
Bulk Removal (Frequency)								
Removal Bags provided(Yes/No)								
Garden refuse removal Included (Yes/No)								
Street Cleaning Frequency in CBD								
Street Cleaning Frequency in areas excluding CBD								
How soon are public areas cleaned after events (24hours/48hours/longer)								
Clearing of illegal dumping (24hours/48hours/longer)								
Recycling or environmentally friendly practices(Yes/No)								
Licenced landfill site(Yes/No)								
Electricity Service								
What is your electricity availability percentage on average per month?								
Do your municipality have a ripple control in place that is operational? (Yes/No)								
How much do you estimate is the cost saving in utilizing the ripple control system?								
What is the frequency of meters being read? (per month, per year)								
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)								
On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)								
Are accounts normally calculated on actual readings? (Yes/no)								
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
How long does it take to replace faulty meters? (days)								
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)								
How effective is the action plan in curbing line losses? (Good/Bad)								
How soon does the municipality provide a quotation to a customer upon a written request? (days)								
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)								
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)								
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)								
Road Infrastructure Services								
Time taken to repair a single pothole on a major road? (Hours)								
Time taken to repair a single pothole on a minor road? (Hours)								
Time taken to repair a road following an open trench service crossing? (Hours)								
Time taken to repair walkways? (Hours)								
Property valuations								
How long does it take on average from completion to the first account being issued? (one month/three months or longer)								
Do you have any special rating properties? (Yes/No)								

Description	Ref	Year C-2	Year C-1	Year C-0	Current year			
Standard		Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Service Level
Financial Management								
Is there any change in the situation of unauthorised and w asteful expenditure over time? (Decrease/Increase)								
Are the financial statement outsources? (Yes/No)								
Are there Council adopted business process tsructuing the flow and managemet of documentation feeding to Trial Balalnce?								
How long does it take for an Tax/Invoice to be paid from the date it has been received?								
Is there advance planning from SCM unit linking all departmental plans quaterly and annualy including for the next tw o to three years procurement plans?								
Administration								
Reaction time on enquiries and requests?								
Time to respond to a verbal customer enquiry or request? (w orking days)								
Time to respond to a w ritten customer enquiry or request? (w orking days)								
Time to resolve a customer enquiry or request? (w orking days)								
What percentage of calls are not answ ered? (5%,10% or more)								
How long does it take to respond to voice mails? (hours)								
Does the municipality have control over locked enquiries? (Yes/No)								
Is there a reduction in the number of complaints or not? (Yes/No)								
How long does in take to open an account to a new customer? (1 day/ 2 days/ a w eek or longer)								
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?								
Community safety and licensing services								
How long does it take to register a vehicle? (minutes)								
How long does it take to renew a vehicle license? (minutes)								
How long does it take to issue a duplicate registration certificate vehicle? (minutes)								
How long does it take to de-register a vehicle? (minutes)								
How long does it take to renew a drivers license? (minutes)								
What is the average reaction time of the fire service to an incident? (minutes)								
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)								
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)								
Economic development								
How many economic development projects does the municipality drive?								
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic grow th projects?								
What percentage of the projects have created sustainable job security?								
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)								
Other Service delivery and communication								
Is a information package handed to the new customer? (Yes/No)								
Does the municipality have training or information sessions to inform the community? (Yes/No)								
Are customers treated in a professional and humanly manner? (Yes/No)								

1.22 Municipal Manager's quality certificate

I ……, Municipal Manager of Senqu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____